RubinBrown’s Gaming Services Group adds value to clients through an understanding of gaming regulations and focus on efficient, effective and sustainable compliance programs.

We are nationally known for leadership within the gaming industry. Our success and reputation is a byproduct of our commitment to the following:

▶ Excellence in Quality and Client Service
▶ Thought Leadership
▶ Strategic Partnerships
▶ Diverse and Inspired Team
▶ Integrated Approach and Technical Expertise Across Service Lines

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Gaming Services Practice Leaders

Brandon Loeschner, CPA, CISA
Partner & Gaming Practice Leader
314.290.3324
brandon.loeschner@rubinbrown.com

Daniel Holmes, CPA, CIA
Manager & Gaming Practice Leader
314.290.3346
daniel.holmes@rubinbrown.com
Welcome to the 2015 edition of RubinBrown’s Gaming Statistics. We are excited to provide you with the only comprehensive review of the United States gaming industry. This publication includes statistical data from over 1,000 gaming operations, spanning across 39 states and incorporating all four segments of the U.S. gaming industry.

When reading this publication you will learn how the overall gaming industry increased revenues by 0.5% in 2014, generating a record high $68.7 billion in total gaming revenue. Within each segment of the industry you will also learn about the challenges facing gaming operators and opportunities for future growth. Throughout the publication, the most notable trend will be the increase in competition and the impact of new casinos. Overall, the United States gaming industry is growing as the number of gaming operations continues to increase; however, the revenues generated by new gaming operations are also taking away from long-established gaming operations.

New to this year’s edition of Gaming Statistics, we have expanded our analysis beyond the traditional brick-and-mortar casinos. Our analysis now includes all four distinct segments of the U.S. gaming industry. For purposes of our report, we have defined the four segments as Commercial Gaming, iGaming, Limited Stakes Gaming and Tribal Gaming. For a more detailed explanation of each segment, please see the statistical notes on page 29.

The expansion beyond the traditional brick-and-mortar casinos reflects the continued integration of the gaming industry and provides a more complete understanding of the U.S. gaming industry. For example, focusing only on Illinois riverboat casinos would suggest the state has experienced a decline in gaming activity; however, when incorporating the limited stakes gaming, it becomes evident the state’s gaming revenues have increased state-wide and revenues have shifted away from traditional riverboat casinos.

As with every year, we welcome your feedback and inquiries for additional analysis. We have a deep passion for the industry and our team is always looking for an opportunity to talk ‘gaming’ – gaining insights and perspectives from others while also sharing our own. After all, this publication would not be possible without the support of the gaming industry’s leaders, regulators and professionals that we are able to work with throughout the nation. We thank you for your continued support and we hope RubinBrown’s Gaming Statistics continues to be a valuable tool to you and your respective teams.

Sincerely,

Brandon Loeschner

Daniel Holmes
UNITED STATES GAMING INDUSTRY OVERVIEW

[Originally published in the March 2015 issue of Casino Journal]

Gaming revenues hit an all-time high in 2014 while the number of casinos declined for the first time in the modern era of gaming.

In 2014 the United States gaming industry set a new record for gaming revenues, generating $68.7 billion in revenue, an increase of 0.5% over the previous record set in 2013. For purposes of this analysis, the U.S. gaming industry includes commercial and tribal brick-and-mortar casinos, iGaming and limited stakes gaming.

While the increase in gaming revenues set a new record, the give and take of gaming revenues continues to place pressure on existing operators. For the first time in the modern era of gaming (starting in 1989) the number of casinos operating declined during the calendar year. At the end of 2014 there were 941 brick-and-mortar commercial and tribal casinos, which was four less than the 945 casinos operating at the end of 2013.

The revenue growth seen in 2014 is largely attributed to the growth in iGaming and limited stakes gaming. These two segments of the industry saw a combined increase in gaming revenues of $479.5 million.

Commercial Gaming

After achieving record gaming revenues in 2013, the commercial gaming segment could not sustain the growth in 2014. The overall commercial gaming market declined 0.6% in 2014, generating $37.5 billion. Of the 23 states that have commercial gaming, only 8 states saw an increase in gaming revenues.

The decline in commercial gaming revenues does not come as a surprise to the industry, as the 2014 news headlines were focused on the closure of four Atlantic City casinos and the impending bankruptcy of Caesar’s Entertainment (eventually occurring on January 15, 2015). Beyond these headlines, there were two important trends that go beyond the 2014 numbers.

PERCENTAGE OF GAMING REVENUES BY GAMING SEGMENT

- **Commercial Gaming**: 54.6%
- **Tribal Gaming**: 40.8%
- **Limited Stakes Gaming**: 4.4%
- **iGaming**: 0.2%
First, the Pennsylvania gaming market finally stalled in 2014, with overall gaming revenue declining 1.4%. However, this decline was not felt by the gaming operators as the revenue retained by the casinos (after paying state gaming taxes) remained unchanged when compared to 2013. The casinos’ ability to retain the same amount of revenue after gaming taxes, was due to the mix of gaming revenue shifting towards table games. As the percentage of revenue generated from table games increased, the casino operators were able to benefit from a lower tax rate as the Pennsylvania gaming tax applied to table games revenue is 39.0% less than the tax rate applied to gaming machines revenues.

The trend of revenue shifting from gaming machines to table games is expected to continue across the nation. In 2015, we are already seeing this trend emerge in Maryland where both Maryland Live! and Horseshoe – Baltimore are replacing gaming machines with table games to accommodate the increased demand.

One hour away from the Pennsylvania border, we saw another important trend emerge in Atlantic City. In 2014 continued market saturation in Atlantic City, resulted in four casinos closing their doors during 2014. While the casino closures and overall market saturation continue to bring down the local economy, the market produced the two fastest growing casinos in 2014. The Golden Nugget and Tropicana were able to capitalize on the reduced competition and experienced revenue growth rates of 30.4% and 16.5%, respectively.

iGaming

The United States iGaming segment completed its first full calendar year of activity in 2014, generating $134.7 million. New Jersey led the industry, generating 91.2% of the iGaming revenues. However, the success in New Jersey was tempered as the iGaming revenue was less than 50.0% of the low-end estimates and well short of the $1.2 billion cited in the New Jersey FY 2014 budget.

Looking towards 2015, the future growth of iGaming remains uncertain. Many supporters claim California will legalize online poker, removing the player liquidity constraint in today’s market. However, opponents to online gaming see the expansion into California as a near impossible feat due to the diverse political interests that exist within the state.
Limited Stakes Gaming
The video lottery terminals offered in restaurants, truck stops and taverns was the fastest growing segment (excluding iGaming, which completed its first full calendar year of legalized operations) during 2014. In 2014, revenue from limited stakes gaming increased by 13.9% to $2.95 billion.

The increase in this segment was solely due to the continued expansion in Illinois. When removing the growth seen in Illinois, the revenues generated by the five other states only increased by $1.3 million, or 0.06%.

Tribal Gaming
In 2014, tribal gaming revenues remained relatively flat, increasing by an estimated 0.2%. When examining the regional growth, the tribal nations within the Oklahoma region continue to see the most growth; however, the rate of growth has slowed dramatically from double-digit growth rates seen in 2008 and 2009. The continued slow-down in growth is attributed to the tribal segment reaching a point of maturation, where there are fewer opportunities for expansion.

While the growth was limited in 2014, the segment had a favorable legislative year, which will continue to support the overall development of tribal gaming and protection of tribal sovereignty. Specifically, in May 2014, the United States Supreme Court ruled in favor of the Bay Mills Indian Community, upholding tribal sovereignty. Later in the year, the Tribal General Welfare Exclusion Act was passed, providing Indian Country greater protection from the IRS efforts to tax tribal government programs, providing education and housing to tribal members.

Looking Forward
Overall, the U.S. gaming industry will continue to see a redistribution of gaming revenue as new regional gaming markets emerge. The most notable expansions to watch will be in Massachusetts as the state’s first casino, Penn National Gaming’s Plainridge Park Casino, is scheduled to open in 2015. Beyond Massachusetts, expansion will continue in the New York, Philadelphia and Washington D.C. markets, with opening dates extending beyond 2015. Amidst the market expansion, existing operators will continue to focus on cost reduction efforts and diversifying revenues away from the gaming floor to other amenities.
2014 COMMERCIAL GAMING REVENUES

$37.49B → -0.6%

$54.6%

ALL 2014 GAMING REVENUES
In 2014, the commercial gaming segment generated $37.5 billion, down 0.6% from the segment’s peak established in 2013. The past year also marked the first time the industry experienced an overall decline in the number of commercial gaming operations since the modern era of gaming started in 1989. While segment-wide revenues are declining, the decline is not expected to last long, with gaming expansion moving forward in Massachusetts and New York.

There are 23 states offering commercial casinos. Of these states, 15 experienced declines in revenues, while 8 benefited from revenue increases. Seven of the eight states with positive revenue growth also benefited from gaming expansion in 2013 or 2014.

Overall, the commercial gaming segment contributed $8.6 billion in gaming taxes to state and local governments. It is important to note that the gaming taxes exclude sales, hotel, employment and income taxes, also paid by commercial gaming operators.

**Challenges**

Within the commercial gaming segment there are two primary challenges facing the industry that include increased competition and an aging entertainment offering.

The increased competition was highlighted in 2014 by the closures of four Atlantic City casinos. However, similar challenges were seen nationwide as casinos in Illinois, Indiana and Pennsylvania also faced increased competition from new gaming jurisdictions opening in the Illinois limited stakes gaming market and the Ohio commercial casino market.

The segment is also challenged by technological advancement and the slot machine becoming an aging form of entertainment. Gaming operators, manufacturers and regulators throughout the nation are working to develop new casino games that provide more entertainment than the traditional three-reeled slot machine. In Nevada, the state legislature formed a committee designed to study the impact of new technologies on gaming and identify technologies that will attract future gaming patrons. In New Jersey, casinos are introducing games of skill, such as free-throw shooting contests.

**Opportunities**

Even though the commercial gaming market saw a decline in total gaming revenues, the table games market is on the rise. Of the 23 states that offer gaming, 19 offer table games. Of the 17 states reporting table games revenues, 64.7% reported an increase in revenues. With the growing popularity of table games, casinos have been replacing gaming machines with table games.

While also a challenge for existing casinos, expansion remains a significant opportunity for gaming operators. In 2014, six new gaming licenses were awarded between New York and Massachusetts. Once these new casinos are constructed, they will not only compete with existing gaming markets, but they will also open up new regional gaming markets.
### COMMERCIAL GAMING REVENUES

#### EARLY ADOPTERS

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Revenue</th>
<th>Change (%)</th>
<th>% Commercial Gaming Revenues</th>
<th>% of All Gaming Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEVADA</td>
<td>$11,018.69M</td>
<td>-0.1%</td>
<td>$29.4%</td>
<td>16.0%</td>
</tr>
<tr>
<td>NEW JERSEY</td>
<td>$2,619.25M</td>
<td>-10.6%</td>
<td>$7.0%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

#### RIVERBOAT MARKETS

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Revenue</th>
<th>Change (%)</th>
<th>% Commercial Gaming Revenues</th>
<th>% of All Gaming Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILLINOIS</td>
<td>$1,463.42M</td>
<td>-3.7%</td>
<td>$3.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>INDIANA</td>
<td>$2,156.75M</td>
<td>-7.3%</td>
<td>$5.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>IOWA</td>
<td>$1,396.00M</td>
<td>-1.5%</td>
<td>$3.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td>LOUISIANA</td>
<td>$2,472.50M</td>
<td>1.1%</td>
<td>$6.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>MISSISSIPPI</td>
<td>$2,067.88M</td>
<td>-3.2%</td>
<td>$5.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>MISSOURI</td>
<td>$1,660.25M</td>
<td>-2.8%</td>
<td>$4.4%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

#### RACETRACK & VLT MARKETS

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Revenue</th>
<th>Change (%)</th>
<th>% Commercial Gaming Revenues</th>
<th>% of All Gaming Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>DELAWARE</td>
<td>$409.52M</td>
<td>-6.3%</td>
<td>$1.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>FLORIDA</td>
<td>$505.49M</td>
<td>8.1%</td>
<td>$1.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>MAINE</td>
<td>$127.27M</td>
<td>0.8%</td>
<td>$0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>MARYLAND</td>
<td>$931.08M</td>
<td>24.4%</td>
<td>$2.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>NEW YORK</td>
<td>$1,898.34M</td>
<td>-1.4%</td>
<td>$5.1%</td>
<td>2.8%</td>
</tr>
<tr>
<td>OHIO</td>
<td>$1,450.53M</td>
<td>35.5%</td>
<td>$3.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>PENNSYLVANIA</td>
<td>$3,069.08M</td>
<td>-1.4%</td>
<td>$8.2%</td>
<td>4.5%</td>
</tr>
<tr>
<td>RHODE ISLAND</td>
<td>$616.19M</td>
<td>10.4%</td>
<td>$1.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>WEST VIRGINIA</td>
<td>$722.17M</td>
<td>-10.9%</td>
<td>$1.9%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

#### OTHER MARKETS

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Revenue</th>
<th>Change (%)</th>
<th>% Commercial Gaming Revenues</th>
<th>% of All Gaming Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLORADO</td>
<td>$745.90M</td>
<td>-0.4%</td>
<td>$2.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>KANSAS</td>
<td>$353.54M</td>
<td>-3.2%</td>
<td>$0.9%</td>
<td>0.5%</td>
</tr>
<tr>
<td>MICHIGAN</td>
<td>$1,332.78M</td>
<td>-1.2%</td>
<td>$3.6%</td>
<td>1.9%</td>
</tr>
<tr>
<td>NEW MEXICO</td>
<td>$257.66M</td>
<td>6.5%</td>
<td>$0.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>OKLAHOMA</td>
<td>$111.37M</td>
<td>-1.3%</td>
<td>$0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>SOUTH DAKOTA</td>
<td>$104.06M</td>
<td>1.0%</td>
<td>$0.3%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
## COMMERCIAL GAMING REVENUES

<table>
<thead>
<tr>
<th>State</th>
<th>EGD Revenue</th>
<th>Table Games Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>$6,746.84M</td>
<td>$4,271.85M</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$1,874.72M</td>
<td>$744.54M</td>
</tr>
<tr>
<td>Illinois</td>
<td>$1,192.56M</td>
<td>$270.86M</td>
</tr>
<tr>
<td>Indiana</td>
<td>$1,813.51M</td>
<td>$343.23M</td>
</tr>
<tr>
<td>Iowa</td>
<td>$1,258.50M</td>
<td>$137.50M</td>
</tr>
<tr>
<td>Colorado</td>
<td>$1,754.14M</td>
<td>$313.74M</td>
</tr>
<tr>
<td>Missouri</td>
<td>$1,450.86M</td>
<td>$209.39M</td>
</tr>
<tr>
<td>Nevada</td>
<td>$1,746.84M</td>
<td>$4,271.85M</td>
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<td>New Jersey</td>
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<td>Missouri</td>
<td>$1,450.86M</td>
<td>$209.39M</td>
</tr>
</tbody>
</table>

### REVENUE PER DAY

- **EGD Revenue**: 
  - Nevada: $130.23
  - New Jersey: $779.63
  - Colorado: $120.43
  - Missouri: $235.17
  - Nevada: $75.37
  - South Dakota: $0.2

- **Table Games Revenue**: 
  - Nevada: $84.14
  - New Jersey: $241.64
  - Colorado: $198.91
  - South Dakota: $75.37

### EARLY ADOPTERS

- Nevada
- New Jersey
- Illinois
- Indiana
- Iowa

### RIVERBOAT MARKETS

- Nevada
- New Jersey
- Illinois
- Indiana
- Iowa

### RACETRACK & VLT MARKETS

- Nevada
- New Jersey
- Illinois
- Indiana
- Iowa

### OTHER MARKETS

- Colorado
- Kansas
- Michigan
- New Mexico
- Oklahoma
- South Dakota

**Legend:**

- **EGD**: Electronic Gaming Devices
- **TG**: Table Games
### Early Adopters

<table>
<thead>
<tr>
<th>State</th>
<th>Year Legalized</th>
<th>Effective Tax Rate</th>
<th>Gaming Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>1931</td>
<td>8.3%</td>
<td>$909.88M</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1976</td>
<td>9.2%</td>
<td>$241.16M</td>
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</table>

### Riverboat Markets

<table>
<thead>
<tr>
<th>State</th>
<th>Year Legalized</th>
<th>Effective Tax Rate</th>
<th>Gaming Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>1990</td>
<td>34.2%</td>
<td>$500.60M</td>
</tr>
<tr>
<td>Indiana</td>
<td>1993</td>
<td>28.8%</td>
<td>$622.14M</td>
</tr>
<tr>
<td>Iowa</td>
<td>1989</td>
<td>22.1%</td>
<td>$307.87M</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1991</td>
<td>23.3%</td>
<td>$575.78M</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1990</td>
<td>11.9%</td>
<td>$246.56M</td>
</tr>
<tr>
<td>Missouri</td>
<td>1993</td>
<td>26.3%</td>
<td>$436.83M</td>
</tr>
</tbody>
</table>

### Racetrack & VLT Markets

<table>
<thead>
<tr>
<th>State</th>
<th>Year Legalized</th>
<th>Effective Tax Rate</th>
<th>Gaming Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>1994</td>
<td>40.1%</td>
<td>$164.26M</td>
</tr>
<tr>
<td>Florida</td>
<td>2006</td>
<td>35.1%</td>
<td>$177.37M</td>
</tr>
<tr>
<td>Maine</td>
<td>2004</td>
<td>40.3%</td>
<td>$51.35M</td>
</tr>
<tr>
<td>Maryland</td>
<td>2008</td>
<td>52.4%</td>
<td>$487.55M</td>
</tr>
<tr>
<td>New York</td>
<td>2001</td>
<td>45.5%</td>
<td>$864.18M</td>
</tr>
<tr>
<td>Ohio</td>
<td>2009</td>
<td>33.6%</td>
<td>$487.10M</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2004</td>
<td>49.9%</td>
<td>$1,347.67M</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1992</td>
<td>53.1%</td>
<td>$327.25M</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1994</td>
<td>41.0%</td>
<td>$295.95M</td>
</tr>
</tbody>
</table>

### Other Markets

<table>
<thead>
<tr>
<th>State</th>
<th>Year Legalized</th>
<th>Effective Tax Rate</th>
<th>Gaming Tax Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>1990</td>
<td>14.2%</td>
<td>$106.13M</td>
</tr>
<tr>
<td>Kansas</td>
<td>2007</td>
<td>27.0%</td>
<td>$95.46M</td>
</tr>
<tr>
<td>Michigan</td>
<td>1996</td>
<td>19.0%</td>
<td>$253.23M</td>
</tr>
<tr>
<td>New Mexico</td>
<td>1997</td>
<td>25.9%</td>
<td>$66.64M</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>2004</td>
<td>18.5%</td>
<td>$20.63M</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1989</td>
<td>15.2%</td>
<td>$15.86M</td>
</tr>
</tbody>
</table>

1 Louisiana casinos include riverboat and land-based operations. Land-based operations are subject to a minimum tax of $60 million, regardless of revenues.
Early Adopters

Nevada
Political debate over online gaming continues as gaming industry increases spending on lobbying. Nevada’s 2013 legalization of online poker could be challenged by a congressional measure looking to reestablish a federal ban on online gaming. The measure, titled the Restoration of America’s Wire Act, is largely funded by Las Vegas Sands Chairman Sheldon Adelson. The industry finds itself split with some casinos in support of an online gaming ban and others in opposition of such legislation.

Blackstone doubles down on The Cosmopolitan of Las Vegas. Deutsche Bank sold The Cosmopolitan of Las Vegas to the Blackstone Group for $1.73 billion. The Cosmopolitan of Las Vegas has been a fixture of debate since opening along Las Vegas Boulevard in December 2010. Proponents for the casino cite it as a model for future casino developments as its design caters to the next generation of casino patrons. Meanwhile, opponents cite the casino’s earnings as an example of how stand-alone casinos cannot exist along the Las Vegas Strip.

New Jersey
Four Atlantic City casinos close in 2014. Showboat Casino, Revel Casino, Trump Plaza Hotel and Casino and the Atlantic Club Casino Hotel all ceased operations in 2014. Casino revenues in Atlantic City have declined approximately 50% since 2006 as competition from new casinos in neighboring states has taken a toll on Atlantic City gaming.

The Trump Taj Mahal Casino attempting to remain open through 2015. The Trump Taj Mahal Casino in Atlantic City filed for bankruptcy on September 9, 2014, and was facing closure in December before Carl Icahn lent the casino an additional $20 million. The loan will allow the Taj Mahal to continue operations into 2015 while it attempts to exit bankruptcy and resolve a dispute with its employees’ union over health and pension benefits.

Limited stakes gaming is hurting Illinois casinos’ bottom line. As the state’s gaming revenue continues to drop, Illinois officials say they underestimated the impact of limited stakes gaming (known within the state as video gaming) on the state’s existing riverboat casinos. Every month, approximately 850 new slot machines are added. At the end of 2014, the number of video gaming terminals was 19,182 positions, which was more than 1.5 times the number of riverboat casino gaming positions legally permitted.

Indiana
Indiana’s gaming industry receives continued support from the state’s legislature. The Indiana House Committee approved legislation that would allow existing riverboat casinos to relocate on land. The legislation would also allow horse-track casinos to offer live table games and provide tax incentives for casinos to develop new land-based facilities or renovate current facilities. Beyond the proposed legislation, the committee is looking for ways to replace the current $3 per person admission tax.

Iowa
The state of Iowa grants a license for a $40 million casino in Jefferson. The first casino to be granted a license by the Iowa Racing and Gaming Commission since 2010 was approved by a 3-2 vote in favor of the casino. The Wild Rose Casino in Jefferson is expected to be completed in August 2015. The property will create an estimated 275 new jobs and include slot machines, table games, an events center and a 71 room hotel. This will be the 19th state-regulated casino in Iowa.
COMMERCIAl GAMING HEADLINES

RIVERBOAT MARKETS

Louisiana
Third time is a charm for The Golden Nugget in Lake Charles. The casino project adjacent to Pinnacle Entertainment’s L’Auberge Casino finally opened after its third ownership group in less than four years. The casino project, originally called Mojito Pointe, was started by Daniel Lee’s Creative Casinos, LLC in 2011. In 2012, Ameristar acquired the project and had plans to name it Ameristar Lake Charles. After Pinnacle Entertainment’s acquisition of Ameristar in late 2012, the project was sold to Landry’s Inc. Under its third ownership, the casino was finally completed in December 2014 and includes a 740 room hotel, 70 table games and 1,600 slot machines. Total construction costs exceeded $700 million.

Mississippi
Mississippi endures the ying and yang of gaming in 2014. During the past year, two casinos closed their doors, while construction moved forward on two new gaming operations. On June 2, 2014, Harrah’s Tunica closed its doors due to declining business levels and increased competition, according to its parent company Caesar’s Entertainment. The Margaritaville Casino in Biloxi also closed its doors on September 15, 2014. Meanwhile, construction progressed on two new casinos set to open on the Gulf Coast in 2015. Scarlet Pearl Casino Resort is under construction in D’Iberville and Rotate Black’s Hemingway Resort Casino is being built in Gulfport.

Revenue increases from Gulf Coast casinos cannot offset state-wide decreases in revenues. Casino revenues in Mississippi have been down 25 of the previous 29 months heading into the end of 2014. While Gulf Coast casinos have shown slight increases in revenue over the last year, Mississippi River casinos suffered decreased revenues in 2014.

Missouri
Missouri looks to boost gaming revenues by extending credit to high-rollers. In 2014, the Missouri General Assembly approved legislation that permits casino patrons to take out credit in excess of $10,000. The legislation is aimed at boosting revenues by making it easier for high-rollers to place bets.

RACETRACK & VLT MARKETS

Delaware
Lawmakers look to change the distribution of gaming revenue to support the state’s gaming industry. In 2013, the state provided a $9.9 million relief package for the industry and throughout 2014 lawmakers worked to provide a more permanent solution. While there is minimal public support for a reduction in casino taxes, Delaware is once again the first state (within the VLT and racino market) to focus on stabilizing its gaming industry through tax reductions.

Florida
Gaming expansion in Florida is heating up... once again. With the Seminole Nation’s gaming compact set to expire on July 31, 2015, the debate on commercial gaming expansion is heating up. Racino operators in the southern part of the state are lobbying for the right to offer blackjack and other table games, breaking the Seminole Nation’s exclusive right to offer blackjack. Meanwhile, in central and northern Florida, lobbyists are pushing for the expansion of commercial gaming to include two large integrated resorts.

Maine
Recent study claims that Maine’s economy could sustain a third casino. The WhiteSand study suggests that a casino could join the Bangor Hollywood Casino and Oxford Casino in the state as long as it is located in southern Maine. Due to concerns of market cannibalization, the state continues to carefully move forward with gaming expansion plans.

Bangor’s casino joins Oxford Casino in around-the-clock operations. The casino located in Bangor stayed open 24 hours a day from December 26, 2014 to January 3, 2015, to test the feasibility of expanded hours. As long as the security requirements are maintained, there is no state restriction on how long a casino floor can stay open.

Maryland
Hollywood Casino – Perryville continues to reduce the number of slot machines amidst increasing competition. The casino received approval from the Maryland Lottery and Gaming Control Agency to reduce its number of slot machines from 1,158 to 850. Many of the less popular slot machines are being removed and the casino is investing over $1 million on new machines. The space currently holding the outgoing machines will likely be converted into private rooms.

Gaming expansion moves forward at full speed in Maryland. On August 26, 2014, Horseshoe Casino – Baltimore welcomed its first patrons. The casino is a $400 million joint venture between Dan Gilbert’s Rock Gaming and Caesar’s Entertainment. As the Horseshoe – Baltimore opened its doors, the countdown to the opening of Maryland’s largest casino development, MGM National Harbor, began. Under Maryland law, the Baltimore casino must operate for at least 24 months before MGM can open the National Harbor Casino, to be located less than 10 miles from the nation’s capitol.

New York
Gaming Facility Location Board selects three winning bids for casinos in upstate New York. After the state passed a referendum in 2013 to expand casino gaming, 16 applicants placed bids for one of four new casino licenses to be issued by the Gaming Facility Location Board. The board picked three winners in December 2014. The winning applicants included the Montreign Resort Casino in Thompson, Sullivan County, Rivers Casino & Resort at Mohawk Harbor in Schenectady and the Lago Resort & Casino in Tyre, Seneca County. The three casinos must receive final approval from New York’s Gaming Commission to receive their gaming licenses.

**Ohio**

**Pennsylvania**
New casino coming to south Philadelphia. In November 2014, the Pennsylvania Gaming Control Board awarded the final category 2 casino license available in the state to Stadium Casino, LLP. A category 2 license allows a stand-alone casino to operate up to 5,000 slot machines and 250 table games. Stadium Casino, LLP is a joint venture between Greenwood Gaming & Entertainment and the Cordish Companies. The group will construct and operate their new casino in southern Philadelphia.

**Rhode Island**
Voters in Newport say “No” to the addition of table games at Newport Grand Casino. In November 2014, voters rejected a referendum permitting table games at the Newport Grand Slots facility. The referendum’s defeat comes at a critical time as Rhode Island casinos will face competition from Massachusetts in 2015. Massachusetts residents that were traveling to Rhode Island are expected to stay in their home state once the new casinos open.

**West Virginia**
State considers online gaming in response to falling racino revenues. As a result of decreasing revenue due to increased competition, the West Virginia Lottery Commission is looking into allowing its four racinos to operate online gaming websites. The commission met with representatives from the state’s casinos to discuss online gaming in late 2014. Any measure on online gaming would need state legislative approval.

**Colorado**
Amendment 68 proposing the creation of a casino at the Arapahoe Park and two horse tracks is voted down. Voters in Colorado did not approve the proposal that would have raised an estimated $114 million annually for K-12 education. This should benefit the state’s mountain casinos. It was estimated that the mountain casinos would have seen their revenues plunge by an estimated 30% if a casino opened in Arapahoe Park.

**Kansas**
Gaming expansion moves forward in southeast Kansas. After Kansas legislature reduced the minimum investment for a casino in southeast Kansas from $225 million to $50 million, the state began accepting applications for new casino development. Four applications were submitted by the January 31, 2015 deadline.

**Michigan**
Deadbeat dads may no longer win in Michigan. In May 2014, the Michigan House committee approved legislation requiring casinos to withhold jackpot winnings from patrons that owe back due child support. This bill ultimately did not move forward; however, the state did pass legislation that requires the state lottery to withhold winnings in excess of $1,000. Changes in legislation would not apply to tribal casinos regulated by tribal-state gaming compacts.

**New Mexico**
Commercial racinos join the fight against gaming control board over free play credits. Five New Mexico racinos filed a lawsuit against the state’s gaming board and its promotional credits policy. The basis of the lawsuit is similar to the debate between tribal governments and the state’s gaming control board regarding promotional credits given to patrons (“free play”) being taxed as revenue.

**Oklahoma**
Tax revenues at racinos have been cut in half over last decade. While Oklahoma’s tribal gaming industry has exploded over the last 10 years, racinos have seen their revenues drop over the same time period. Since 2004, the tax revenues generated by Oklahoma’s two racinos have declined by almost 50%.

**South Dakota**
Passage of state amendment will allow new games in casinos. In November 2014, South Dakota voters passed Amendment Q, allowing the state legislature to consider adding craps, keno and roulette to casino floors in Deadwood. In February 2015, the South Dakota legislature passed legislation paving the way for craps, keno and roulette to be introduced in Deadwood casinos by July 2015.

**Massachusetts** | The public vote silences gaming industry opponents, while three companies win the battle for new casino licenses.

In November 2014, Massachusetts voters voted “no” on an effort to repeal the state’s Expanded Gaming Act, originally approved by voters in 2011.

As a result, MGM Resorts International, Wynn Resorts and Penn National will retain the gaming licenses awarded to them earlier in 2014. The three companies were awarded gaming licenses after an enduring, politically charged and well-publicized selection process.

MGM will build a casino-resort in Springfield, Wynn will build a casino-resort in Everett (located outside Boston, across the Charles River) and Penn National will construct a slot parlor at the Plainridge Park raceway in Plainville.
2014 iGAMING REVENUES

$0.13B  777.2%

ALL 2014 GAMING REVENUES

$0.13B  777.2%

0.2%
The United States legalized online gaming market completed its first full year of operations in 2014, generating $134.7 million. The current online gaming segment includes three state jurisdictions and eight operators. The three states that permit online gaming are Nevada, New Jersey and Delaware, with Nevada’s online gaming being restricted to online poker.

As the online gaming segment works to establish itself in the U.S., it achieved a significant milestone early in 2014. In February, Delaware and Nevada entered into the first-ever state-to-state internet gaming compact. The compact allows poker players from Delaware and Nevada to play against each other, effectively allowing internet gaming companies to solicit players across state lines. The agreement was made to increase the pool of online poker players (player liquidity) in an effort to increase the wagering activity in both states. While the compact increases player liquidity between states, the compact’s more meaningful impact is the establishment of a precedent for conducting interstate online gaming.

Consistent with the development of any new industry, there were also numerous setbacks to online gaming in 2014. The most notable was the closure of online gaming websites in both New Jersey and Nevada.

In New Jersey, regulation requires online gaming servers to be located within a New Jersey brick-and-mortar casino. To achieve this requirement, the brick-and-mortar casino operators formed partnerships with established online gaming companies operating internationally. As a result of these partnerships, two of New Jersey’s five original online gaming providers faced significant setbacks in 2014 when their partner casinos endured financial difficulties.

Betfair, a London based online gaming company, was forced to look elsewhere as their partner, Trump Plaza, closed its doors on September 15, 2014. In the search for a new partner, the company initially partnered with Caesar’s Interactive Entertainment, which had already partnered with Betfair’s competitor 888 Holdings. In November, Betfair changed partners again, ultimately settling with The Golden Nugget.

Ultimate Gaming ran into similar issues in 2014; however, their hand in online gaming was not as lucky. Ultimate Gaming had also formed a partnership with Trump Entertainment to operate the Trump Taj Mahal online gaming platform. After months of alleged contract breaches stemming from Trump Entertainment’s financial difficulties, Ultimate Gaming became the first online gaming operator to pull the plug on online gaming.

**GAMING REVENUES BY STATE**

<table>
<thead>
<tr>
<th>State</th>
<th>Revenue</th>
<th>% of Total</th>
<th>Average Monthly Revenue</th>
<th>Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>$2.09M</td>
<td>1.0%</td>
<td>$174,360</td>
<td>3</td>
</tr>
<tr>
<td>Nevada</td>
<td>$9.72M</td>
<td>44.3%</td>
<td>$809,750</td>
<td>2</td>
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<tr>
<td>New Jersey</td>
<td>$122.88M</td>
<td>91.2%</td>
<td>$10,239,734</td>
<td>4</td>
</tr>
</tbody>
</table>

NOTE: Caesar’s Interactive operates in both Nevada and New Jersey.
Following the closure of its New Jersey website, Ultimate Gaming closed its Nevada based Ultimate Poker website in late 2014. The closure of the Ultimate Poker website also marked the end of the industry’s first legal online gaming website in the U.S.

**Challenges**

There are two primary challenges facing the online gaming segment that include threats of regulatory changes and difficulty in processing customer payments (buy-ins) from financial institutions.

The threat of regulatory changes originates from how the online gaming segment was legalized in the United States. Prior to December 2011, online gaming was prohibited based on the Department of Justice’s interpretation of the Wire Act of 1961. In December 2011, the legal status of online gaming was reversed as the Department of Justice changed its position on the interpretation of the Wire Act. This reversal effectively allowed for the development of state-by-state online gaming regulations in Nevada, Delaware and New Jersey. However, should public policy change, the Department of Justice could once again reverse its opinion on the Wire Act, which would effectively lead to a ban on online gaming.

Another threat is the growing opposition to online gaming within the United States Congress. Online gaming opponents have successfully lobbied Congress to introduce a bill titled the “Restoration of America’s Wire Act.” While the effort first appeared to be a long-shot, the bill is gaining momentum in Washington D.C.

The other major challenge facing the segment is the processing of customer payments through financial institutions. This challenge is considered one of the leading reasons why the New Jersey market did not achieve Governor Chris Christie’s often quoted $1 billion revenue projection.

Up until 2011, the federal government was very active in targeting online gaming operators soliciting patrons in the United States. After the implementation of the Unlawful
Internet Gaming Enforcement Act of 2006 and to avoid becoming the target of a federal investigation, financial institutions and credit card processors began prohibiting the processing of online gaming transactions. This restriction on processing credit card transactions made it difficult for patrons to move money into or out of their online gaming accounts. The solution for online gaming relies upon action from financial institutions and credit card processors, which have been reluctant to change their existing policies.

**Opportunities**

The most significant opportunity for online gaming is the expansion into new jurisdictions, as only 4.0% of the United States population lives in states that offer online gaming.

The most targeted state for online gaming expansion is California. California is a key target for online gaming operators, as its population of 38.8 million people is more than three times the combined population of all three regulated online gaming markets.

In December 2014, California assemblyman Mike Gatto introduced an online gaming bill (known as AB 9) to be discussed in 2015. The AB 9 bill is similar to previously unsuccessful legislation with a few key changes. First, the bill includes a proposed “bad actor” clause that would limit the entry of online gaming operators (PokerStars) that previously violated or ignored the Federal Unlawful Internet Gambling Enforcement Act of 2006. The bill would also require a one-time $5M fee for a license to operate within the state for ten years. While many proponents believe this bill will ultimately be successful, it will also need to satisfy the interest of California’s horse racing industry, card rooms and the 61 federally recognized tribes operating traditional brick-and-mortar casinos.

Outside California, there are numerous other states that continue to consider online gaming. Most notable, West Virginia continues to explore online gaming to offset the declining revenues from both traditional brick-and-mortar casino operations and limited stakes gaming.
2014 LIMITED STAKES GAMING REVENUES

$2.95B  13.9%

$$$$$$$$$$$  4.4%

ALL 2014 GAMING REVENUES
During 2014, the limited stakes gaming segment of the U.S. gaming industry operated in six states and generated $2.95 billion in revenues, up $360.1 million from 2013. For purposes of our analysis, limited stakes gaming is defined as video gaming or video lottery terminals offered in restaurants, travel centers and taverns that are legalized and state regulated, excluding sweepstakes and grey (illegal or unregulated) gaming activities.

The growth in the limited stakes gaming segment was attributed to expansion within the state of Illinois. When Illinois is removed from the industry’s data, the overall segment experienced flat revenue growth in 2014.

The Illinois market provides a great example of how a state has been able to overcome grey gaming. Prior to the passage of the Illinois Video Gaming Act in 2009, grey gaming was wide-spread in Illinois restaurants and taverns.

In September 2012, the first legal limited stakes gaming operation opened in Illinois. Since the first operation opened, the number of operations has expanded to over 4,675 individual locations, with more than 19,100 machines. Since inception, the Illinois limited stakes gaming market has generated $291.8 million in cumulative gaming tax revenues. In 2014 alone, the market generated $197.9 million in gaming tax revenues.

**Challenges**
The challenges facing limited stakes gaming operators continue to center around competition. The average state has over 12,800 gaming positions and 2,200 locations. Gaming operators are focusing on differentiation in game titles and types, while catering to the interest of the local communities.

**Opportunities**
The greatest opportunity for the limited stakes gaming segment is expansion into new geographic markets and transforming grey gaming into regulated gaming. For example, Georgia is working to transfer the grey gaming into a regulated industry by connecting gaming operators to the Georgia Lottery network in an effort to provide greater transparency.

### LIMITED STAKES GAMING REVENUES

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Revenue</th>
<th>% of All Gaming Revenues</th>
<th>Revenue Per Machine Per Day</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>$659.51M</td>
<td>119.3%</td>
<td>$94.20</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$591.56M</td>
<td>-1.3%</td>
<td>$117.37</td>
<td>0.6%</td>
</tr>
<tr>
<td>Montana</td>
<td>$385.27M</td>
<td>1.6%</td>
<td>$67.00</td>
<td>1.6%</td>
</tr>
<tr>
<td>Oregon</td>
<td>$757.85M</td>
<td>2.4%</td>
<td>$173.74</td>
<td>3.1%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$185.25M</td>
<td>0.3%</td>
<td>$56.11</td>
<td>1.3%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$373.91M</td>
<td>-3.8%</td>
<td>$142.80</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

Note: Revenues generated by Nevada’s restricted licenses have been incorporated into the overall Nevada commercial gaming revenues. At the end of 2014, the state had approximately 1,900 restricted license locations.

Limited Stakes Gaming | 19
2014 Tribal Gaming Revenues

$28.10B  0.2%

$78.10B  40.8%

All 2014 Gaming Revenues
TRIBAL GAMING

In 2014, Indian gaming generated an estimated $28.1 billion, growing at an annual rate of 0.2%. The estimated growth in gaming revenues, marks five years of consecutive growth for the tribal gaming segment.

Note, throughout the remainder of this section, the revenue information presented uses 2013 data, as the 2014 data will not be released until August 2015. The challenges and opportunities included within this section are focused on the trends currently impacting Indian gaming.

The continued growth in revenue is a product of overall market expansion. New tribal casinos are effectively redistributed existing revenues between tribes, while providing a minimal increase to overall revenues. Looking forward, a similar trend has been observed in 2014 and will continue for the next several years.

Challenges
Market saturation and increased competition is becoming the leading challenge for existing Indian gaming operations. Across the nation, tribes are working to develop more resort-destination casinos that provide patrons with more amenities and service offerings outside the gaming floor. Beyond increased competition, state governments are placing greater pressures on tribal governments through the renewal of tribal-state gaming compacts. The challenges are centered around states seeking more revenue sharing with tribal nations. As Indian gaming continues to prosper and provide for tribal nations, state governments are looking for new revenue sources to overcome budget shortfalls. As a result, state governments are attempting to collect more revenue through the compact renewal process.

Opportunities
With an increase in competition comes an opportunity to further differentiate. Nationwide, tribal nations are working to renovate and develop their existing casino operations to provide greater differentiation within the industry and their respective geographic markets. Outside new construction efforts, tribal nations have also seen an opportunity to further educate their neighboring communities on the economic benefits tribal gaming provides.

Expansion beyond the gaming operation is also becoming more prevalent throughout tribal communities nationwide. The success of tribal gaming has resulted in millions of patrons visiting tribal lands each year. Tribes are working to develop new industries and business that will further capture the interest of these guests. Examples of these developments have included shopping centers, entertainment venues and cultural centers.

Looking forward, tribal gaming operators will need to continue to find ways to further enhance the individual customer experience through the refinement of marketing programs and guest service standards. Concurrently, gaming operators will also need to find innovative ways to reduce costs through more efficient and effective compliance programs.
Growth
Portland is one of only three regions to have never seen a region-wide decline in gaming revenues. However, the revenue growth appears to be slowing down for the region as it only produced revenue growth of 1.0% in 2013, which is significantly less than 5-year compounded annual growth rate of 4.1%.

Challenges
The past year has presented mixed results for gaming operators nationwide and the Portland region was no different. Specifically, tribal gaming operations in Oregon continue to face increasing competition as the Oregon lottery’s video lottery terminals (limited stakes gaming segment) continues to expand. In 2014, the limited stakes gaming market continued to take market share from existing casinos as the segment increased revenue by 2.4%, generating over $757 million in revenues in Oregon.

Opportunities
Investment and expansion in existing facilities continues to be the trend within the Portland region. The region’s continued development of full-service hotels, spas, golf courses and restaurants has made the Portland region the leader in the number of resort style casino destinations. Opportunities within the Portland region continue to be centered on the expansion of existing amenities and diversification of revenue streams beyond the gaming floor.

Region Specific News
Development and property expansion continues to lead headlines within the Portland region. In 2014 some of the more notable developments included:

• The new hotel and casino expansion at the Angel of the Winds Casino located in Arlington, WA was completed in mid-December 2014. The $27 million casino expansion and hotel project increased the size of the casino floor, remodeled the entrance and added a five-story hotel.

• In August 2014, construction began on the Legends Casino after The Yakima Nation received financing for the $90 million project. This expansion will include a full-service spa, expanded dining and gaming space, a renovated events center and a new six-story 200-unit hotel.

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Outside existing casino expansion, the development of new casinos continues to be challenged:

• In Washington, the Spokane Tribe’s development of the West Plains casino continues to be opposed by Spokane County government officials. In the past 18 months the county has paid a law firm $300,000 to fight the “Spokane Tribe Economic Project.”

• Also in Washington, the Cowlitz Indian tribe’s effort to obtain land just across the river from Portland continues to face legal challenges.
Growth
The Sacramento region generated revenue growth of 0.5% in 2013, which was consistent with the nation-wide growth rate. The region’s growth is largely attributed to the addition of two new casinos in 2013.

Challenges
In 2014, the further expansion of tribal gaming in California experienced yet another roadblock. In November, Proposition 48 was voted down by voters. The “no” vote has stalled the expansion efforts of two tribes that had already agreed on a tribal-state gaming compact with California Governor Jerry Brown. The referendum, which allowed voters to approve or reject a tribal-state gaming compact, established a new precedent for government-to-government negotiations and has presented yet another challenge for the continued expansion of Indian gaming.

Opportunities
California is the state that provides the greatest opportunity for online gaming. Proponents for online gaming believe 2015 will be the year online gaming finally becomes legalized. California assemblyman Mike Gatto claims to have a bill that addresses the concerns of both the critics and proponents of online gaming. If California legalizes online gaming, the U.S. population with legal access to online gaming would more than triple. If legislation is passed, Indian gaming operations in California would be well positioned to lead the development of the U.S. online gaming industry.

Region Specific News
In November 2014, California’s Attorney General filed a lawsuit against the Iipay Nation of Santa Ysabel aiming to prevent the operation of an online Class II (bingo and poker) gaming website. The tribe cited its ability to operate online gaming, using Class II games, under the Indian Gaming Regulatory Act (IGRA). The Iipay Nation filed a counter-suit against the state in defense of its tribal sovereignty and rights under IGRA.

The rejection of Proposition 48 created additional obstacles for the North Fork Rancheria of Mono Indians’ development of a tribal casino. However, the tribe continues to fight for its tribal sovereignty and is moving forward with development as the land had already been placed in trust by the Bureau of Indian Affairs.

The Graton Casino, located 50 miles outside of San Francisco, completed a strong first year of operations in November 2014. The casino had minimal impact on Sonoma County and exceeded revenue expectations. The casino’s first year revenues have placed it in the top five revenue producing casinos in California.
Growth
In 2013, the Phoenix region experienced its third consecutive year of region-wide revenue growth. The region’s 48 casinos generated over $2.7 billion in 2013 with the average casino generating $57.0 million. While the region continued to see growth in 2013, the state revenue share contributions in both New Mexico and Arizona declined in 2014, indicating the growth may have stalled at the end of 2013.

Challenges
In New Mexico, 5 of the 14 tribes continue to renegotiate their gaming compact with the state. Early in 2015 the five tribes appear to have reached an agreement with the state. However, the final compact terms are still subject to final approval by the state and the Department of Interior. With the outcome still being several months away, uncertainty on obtaining final approval prior to June 2015 remains prevalent. Outside the compact negotiations, the region has been one of the hardest hit by a reduction in government spending and employment. At the end of 2014, governmental jobs accounted for 23.3% of New Mexico’s employment population and 15.8% of Arizona’s employment population.

Opportunities
Amidst uncertainty in state gaming and compact negotiations, the region has seen an opportunity to highlight the positive contributions and economic impact that tribal gaming brings to surrounding communities. Under the leadership of the Arizona Indian Gaming Association, the Arizona tribal nations have provided a unified voice on the importance of tribal gaming, making it widely known that tribal gaming has contributed over $1 billion to the state of Arizona since 2002, created over 15,000 jobs and has built a platform for tribal nations to achieve self-sufficiency. This effort has provided greater recognition for tribal communities and the need for continued to support from the Arizona state government.

Region Specific News
The largest casino in New Mexico, Sandia Casino and Resort, is getting even bigger. In 2014, the Pueblo of Sandia began expansion efforts to increase the size of its gaming floor, number of hotel rooms and resort amenities. The first phase is scheduled for completion in early 2015 and includes a remodeled restaurant space, new four-story parking garage, expanded casino floor and new spa.

The Tohono O’odham Nation began site-work on a new $400 million casino in Glendale, Arizona. The construction follows a lengthy multi-year political debate on the tribe’s right to build the casino. Barring any further delays, the casino will be completed in 2016.
Growth
After four years of consecutive revenue growth, the St. Paul region experienced a 1.1% decline in gaming revenues in 2013. Of the seven regions, the St. Paul region was the only one to experience a region-wide decline in revenues in 2013. In spite of declining revenues, new casinos continue to open.

Challenges
Market saturation continues to be the primary challenge for the St. Paul region. In 2013, the region gave rise to eight new casinos. This increase occurred while revenue for the overall region is down. Furthermore, tribes in Michigan and Wisconsin are looking to increase the number of casinos in their respective states despite the diminished growth.

Opportunities
With the market saturation being a challenge, it sheds light on the opportunity to pursue new revenues streams. Within the St. Paul region, tribes have been working to reclaim land closer to large metropolitan areas to develop new casinos. Outside the traditional brick-and-mortar gaming operations, the region is home to the founding members of the Tribal Internet Gaming Alliance. The alliance is working to develop an online gaming site that caters to the global online gaming market, as the member tribes see their competitors as local but their customer base being global.

Region Specific News
On September 26, 2014, President Obama signed the Gun Lake Trust Land Reaffirmation Act (Senate Bill 1603). The act reaffirmed the land upon which the Gun Lake Casino is established and removes the potential for future challenges stemming from the Patchak decision.

The Little River Band of Ottawa Indians is moving forward with plans to develop a $180 million casino at a racetrack in Muskegon, Michigan. The nation has received the support of the local township, as they continue to work on placing the land into trust, securing it for the development of a full-scale casino and resort.
Growth
The Oklahoma City region experienced the largest growth in 2013 with the opening of seven new casinos. The addition of these new casinos helped the region generate revenue growth of 3.6%; however, the new casinos also placed greater pressure on existing Indian gaming operations. In 2013, the region also experienced the largest decline in average revenue per casino with average revenues declining 8.5%.

Challenges
With an increasing number of casinos and gaming terminals, market saturation is a challenge for tribal casinos in Oklahoma. According to a report by the Gaming Compliance Unit of the Oklahoma Office of Management and Enterprise Services, exclusivity payments from 21 of 30 tribes dropped in 2014. As a whole, exclusivity fees in Oklahoma declined in the state’s 2014 fiscal year by 4.0%. The decline in exclusivity fee payments marks the first decline in the state’s 10 year history of Class III gaming operations.

Opportunities
As market saturation threatens the revenues of many casinos, diversification beyond the gaming floor will be critical for tribal communities. The 2014 Comanche Nation’s Fair illustrates the economic development effort of numerous tribal communities within the Oklahoma City region. In 2014, the Comanche Nation significantly increased its marketing of the Comanche Nation Fair through television, radio, print and social media campaigns. The efforts made the fair the largest event in southwestern Oklahoma, increasing revenue for the nation’s business enterprises while also further educating the public on the history and traditions of the Comanche Nation.

Region Specific News
An expanded gaming bill was introduced to Texas legislators in late 2014. While the bill did not pass during the legislative session, it highlights the threat commercial gaming in Texas would create for Oklahoma tribes. The bill would have allowed commercial casinos at established racetracks located within population centers with more than 650,000 people.

Expansion continues in Oklahoma as the Kaw Nation opens a new casino in Braman, Oklahoma. The casino will be constructed over three phases. The second phase, which includes a permanent facility, over 300 slot machines and table games will open in 2015. The final phase of the project will commence in 2016 and add a restaurant, off-track betting, additional table games and 500 slot machines.
The Tulsa region continued to experience revenue growth, as the region’s revenues increased 0.9% in 2013. However, similar to the Oklahoma City region, the growth was the result of new gaming operations, as the majority of existing casino operators saw a decline in gaming revenues. Individual casinos located in the Tulsa region experienced, on average, a 5.0% decline in gaming revenues.

**Challenges**

Tribal nations within the Tulsa region are facing increased competition from the development of new tribal gaming casinos and commercial casinos. In 2014, the state of Kansas lowered the minimum investment for the southeastern Kansas commercial gaming zone from $250 million to $50 million. The lowered minimum investment has renewed interest in the development of a commercial casino in southeastern Kansas. The expansion of gaming in southeastern Kansas will create even more competition in a market that is already reaching a point of saturation.

**Opportunities**

As competition in the region intensifies, casinos are diversifying their operations to include new entertainment options. Gaming facilities are expanding to include hotels, retail outlets, restaurants, live-music venues, bars, spas, convention centers and other attractions. This has been most notable with the Quapaw Nation, which continues its efforts to expand its Downstream Casino, located in Oklahoma at the intersection of the Kansas, Missouri and Oklahoma borders.

**Region Specific News**

The Cherokee Nation is opening a new casino in South Coffeyville, Oklahoma, in 2015. The 17,000 square foot facility is located one mile south of the Kansas-Oklahoma border and will feature 300 gaming terminals. This gaming operation will compete directly with the proposed commercial gaming developments in the southeastern Kansas gaming zone.

The Cherokee Nation is also working on replacing two of its existing casinos. In Roland, Oklahoma, the Cherokee Nation is replacing its existing casino with an $80 million facility that includes new table game offerings, 850 electronic games and a six-story hotel. In Tahlequah, the Cherokee Nation is exploring the development of a new gaming facility that would be adjacent to the Cherokee Springs Golf Course.

The Wyandotte Nation of Oklahoma is spending $30 million to expand and renovate their casino in Wyandotte, Oklahoma. The first phase of the project opened in December of 2014 and added a new nightclub, bowling alley, billiards room and entertainment venue.
Growth
The Washington D.C. region was able to record its third consecutive year of positive revenue growth. While the 2013 revenue growth only amounted to 0.2%, the overall region continues to hold steady amidst the increasing pressure from commercial gaming expansion in New York, Pennsylvania, Rhode Island and Florida (racinos).

Challenges
While the region has already absorbed the impact of increased commercial gaming competition, additional competition is on the horizon in both Massachusetts and New York. In December 2014, the New York Gaming Facility Location Board selected three bids from sixteen applicants looking for casino licenses. These bidders will construct casinos throughout upstate New York. In addition, Massachusetts awarded full-scale gaming licenses for casinos to be built in both Springfield and Everett and a slots-only gaming license for a casino at the Plainridge Racecourse in Plainville.

Opportunities
The state of Alabama has begun to change its position on tribal gaming, providing a long awaited opportunity for the Poarch Band of Creek Indians (Poarch Creek Band) to negotiate, in-good-faith, a tribal-state gaming compact. Historically, the state of Alabama has attempted to infringe on the nation’s right to offer Class II gaming on their tribal lands. After Alabama Attorney General Luther Strange lost his final attempt, through the federal courts, to close the Poarch Creek Band’s casinos, Alabama State Governor Robert Bentley stated that he is open to the negotiation of a tribal-state gaming compact.

Region Specific News
In advance of gaming expansion in Massachusetts, the Foxwoods Resort Casino in Connecticut is expected to reduce the number of slot machines from 5,800 to 4,800 and table games from 350 to 250. The casino plans to utilize the freed up floor space to add new restaurants, nightclubs and retail space.

The Poarch Band of Creek Indians is expanding and upgrading its Creek Casino in Montgomery, Alabama. The $65 million dollar project will include a new five-story hotel, 2,100 electronic bingo machines, a salon and new restaurants.

The Golden Moon Hotel and Casino, owned by the Mississippi Band of Choctaw Indians, completed a $70 million renovation in January 2015. The renovation project added 1,150 slot machines, 25 table games, a 14-table poker room, among other upgrades to the casino and hotel.
NOTES, SOURCES & ACKNOWLEDGMENTS

Statistical Notes
Gaming Revenue – For purposes of this report, the term gaming revenue is intended to be an all-encompassing term for the various definitions of gaming proceeds as defined by the individual regulatory authorities (e.g. AGR, AGP and Net Win) and should not be interpreted to equal the American Institute of Certified Public Accountants definition of revenue.

Commercial Gaming – Encompasses traditional brick-and-mortar casinos, racinos and slot parlors regulated by state gaming boards or state lotteries. Within this segment, the revenues reported include amounts generated from gaming machines, table games, poker and sport books. We have excluded revenues from pari-mutual racing activities.

• Electronic Gaming Devices (EGDs) – Includes both the traditional slot machines and video lottery terminals (VLTs) located inside a brick-and-mortar casino. VLTs differ from traditional slot machines, as they are connected to a network overseen by the respective state’s lottery commission. The connection to the lottery commission’s network does not impact the game performance or patron experience.

• Table Games – Defined as live table games that require casino personnel to conduct the game. Electronic table games are included in the electronic gaming machines. When reporting on table games revenue, we have included both house-banked (when a player bets against the casino) and player-banked (when the players bets against an opposing patron) games. For the win per table and table game hold statistics, we excluded player-banked games from the analysis.

iGaming – Includes Interactive Gaming, as defined under Nevada law, iGaming as reported by the Delaware Lottery and Internet Gaming as defined under New Jersey law.

Limited Stakes Gaming – Includes video gaming, video lottery terminals and limited gaming operations offered in restaurants, travel centers and taverns. The revenues exclude amounts generated from ‘grey markets.’

Tribal Gaming – Includes Class II and Class III casinos built and regulated by tribal nations, operating in accordance with the Indian Gaming Regulatory Act (IGRA) or a tribal-state gaming compact.

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South Dakota Lottery
West Virginia Lottery

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Contributing Authors
Allison Long         John Stewart         Shane Conezelman
Anne Herr           Jonathan Ahrens       Shaun O’Rourke
John Drury          Ross Paczkowski

Creative Director
Jen Chapman

Senior Data Analyst
Kathy Lee