2014 California Tribal Gaming Impact Study

An Updated Analysis of Tribal Gaming Economic and Social Impacts, with Expanded Study of RSTF and Charitable Effects

BEACON ECONOMICS

This publication was created for:

The California Nations Indian Gaming Association

The California Nations Indian Gaming Association (CNIGA), founded in 1988, is a non-profit organization comprised of federally-recognized tribal governments. CNIGA is dedicated to the purpose of protecting the sovereign right of Indian tribes to have gaming on federally-recognized Indian lands. It acts as a planning and coordinating agency for legislative, policy, legal and communications efforts on behalf of its members and serves as an industry forum for information and resources.

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Key Research Findings

Tribal Gaming

- Tribal gaming operations in California generated an estimated $8 billion in economic output in 2012, of which $2.9 billion represented earnings by California workers, and supported over 56,000 jobs statewide. Compared to Beacon Economics' estimates of the economic impact of California tribal gaming operations in 2010, 2012 operations had a roughly 7%-7.5% larger impact on California economic activity than 2010 operations.

- Tribal gaming expenditures totaled roughly $62.8 million per tribe in 2012 and consisted predominantly of advertising, administration, food and drink, and gaming expenditures.

- Over half of the economic output generated by tribal gaming operations came through secondary effects—$4.2 billion—indicating that tribal casinos have a substantial impact on the state economy above and beyond their own direct spending.

Tribal Non-Gaming

- Tribal non-gaming operations in California generated an estimated $2.3 billion in economic output in 2012, supported over 14,800 jobs statewide, and added $1.2 billion in value to the state economy – of which $804.6 million represented income for California workers.

- Tribal non-gaming operations directly employed an estimated 8,200 workers statewide, while an additional 6,600 jobs statewide were supported through the secondary effects of those operations, such as additional income spent by workers employed by tribal casinos or money earned by suppliers of tribal casinos throughout the state.

- The indirect effects of tribal non-gaming operations are substantial. Non-gaming operations stimulated nearly $100 million in economic activity for real estate firms, nearly $50 million for wholesale trade firms, and over $35 million for restaurants and bars throughout California.

- Statewide revenue sharing for tribes without casinos generated an estimated $100.9 million in economic output for California and supported 433 jobs statewide in 2012.

- Charitable contributions from gaming tribes and their casinos totaled $36.6 million in 2012, generated an estimated $109.2 million in economic output, and supported an estimated 1,038 jobs statewide.

Introduction

Summary: Economic Impact of California Tribal Gaming Operations

Category	2010 Impact (est.)	2012 Impact (est.)	% Change
Jobs	52,252	56,093	7.4
Output ($ Millions)	7,480.1	8,019.5	7.2
Value Added ($ Millions)	4,171.9	4,529.0	8.6
Labor Income ($ Millions)	2,665.8	2,891.0	8.4
State and Local Taxes ($ Millions)	466.8	505.7	8.3

Source: IMPLAN, with Calculations by Beacon Economics

Beacon Economics was commissioned by the California Nations Indian Gaming Association (CNIGA) to examine the real economic and social impacts generated by tribal government gaming operations in the State of California. This study, which is both an update and an expansion to a report produced by Beacon Economics in 2012, was undertaken to assess those impacts and to quantify the effect of the industry on both gaming tribes and tribes without casinos, on the local economies where these operations are housed, on state and local government revenues, on levels of tribal government service, and on the broader economy of California.

The analysis concludes, and illustrates in detail, that tribal government gaming generates a substantial impact on the state economy. Additionally, non-gaming operations at tribal casinos, such as hotels, spas, golf courses, and concert halls, generate a significant economic impact, attracting guests not only for gaming, but for an array of amenities offered to both gamblers and non-gamblers. In some communities, casinos with non-gaming operations and amenities can serve as those communities' chief entertainment and recreation venues. Tribal government gaming and the variety of other attractions generate significant economic activity through tourism spending for the community, tax revenues for the state, and a substantial number of jobs for local residents.

This study presents the economic and social impacts of tribal government gaming on the State of California in several areas. First, is an analysis of the economic impact of tribal government gaming on the California economy, including the economic output and state and local tax revenues generated, and the jobs supported by the industry. And second, is an assessment of the economic impact of tribal government non-gaming operations on the state's economy, using the same metrics as above.

The previous CNIGA study prepared by Beacon Economics[1] showed that in 2010 California tribal gaming played a significant role in the state's economy, providing stable jobs and billions of dollars in economic activity even in the immediate aftermath of the "Great Recession." The current analysis finds that the continuing economic recovery has made the industry even stronger, thereby increasing the total economic impact of tribal gaming on California's economy. In 2010, the tribal gaming industry supported over 52,000 jobs and nearly $7.5 billion in economic output in California. By 2012, the industry supported over 56,000 jobs and more than $8 billion in economic output in the state. Of the $8 billion in output, over $2.8 billion represents income for California workers, and it constitutes over half of the $4.5 billion in value tribal gaming added to the state economy in 2012.

[1] *Beacon Economics*, "Measuring the Economic Impact of Indian Gaming on California." 2012.

Congress views gaming on Indian lands as an important, and necessary form of economic development for tribal governments, and legislated this sentiment in the Indian Gaming Regulatory Act (IGRA). The IGRA followed the United States Supreme Court's 1988 landmark Cabazon decision, affirming that tribes have the same right as states to engage in betting and games of chance to fund tribal governments. With this Act, gaming as an economic opportunity became a reality for tribes, just as it is for state governments that allow or engage in lotteries and other forms of betting.

Federal law is also unequivocal in its intent to protect gaming revenues for tribal governments by limiting attempts by states to take undue financial advantage or erode aspects of tribal sovereignty through the tribal-state compacting process provided for in IGRA, and to prevent overcharges by management companies or operators.

The federal Indian Gaming Regulatory Act (IGRA) requires that profits from casino gaming and related amenities, such as hotels, are used to fund government-type services. All funds earned by casino gaming, after prize payouts, management, and operations costs are deducted, belong to the tribe. As assets of the tribe, the profits are placed in the tribal government treasury. Elected tribal councils representing the tribal members have the responsibility for managing the income generated by casinos and complying with IGRA.

Tribal non-gaming operations also contributed substantially to the state's total economic activity. Beacon Economics' recent analysis of the economic impact of tribal non-gaming operations in 2010 was limited to tribes participating in the study. For the current analysis, Beacon Economics employed the same process used to estimate the impact of *gaming* operations for all tribal casinos statewide to estimate the impact of *non-gaming* operations for all tribes with gaming operations. Ultimately, tribal non-gaming operations support nearly 15,000 jobs and generate roughly $2.3 billion in economic output statewide, of which over $800 million represents income for California workers.

A third section of the study, measuring the social and economic impacts of tribal governments on the California, includes a new addition to the report that adds an important dimension to the discussion of the economic impact of tribal gaming in California. Specifically, the many impacts are derived from the spending of funds received from the Revenue Sharing Trust Fund (RSTF) that distributes revenues from tribal gaming casinos to tribes without casinos quarterly are detailed.

Summary: Economic Impact of California Tribal Non-Gaming Operations

Category	2012 Impact (est.)
Jobs	14,829
Output ($ Millions)	2,257.7
Value Added ($ Millions)	1,210.3
Labor Income ($ Millions)	804.6
State and Local Taxes ($ Millions)	108.4

Source: IMPLAN, with Calculations by Beacon Economics

In the previous study, the economic impacts were derived solely from the spending made by tribal gaming establishments and their associated tribal governments. However, this did not capture the entirety of the impact of tribal government gaming on the state because it did not include the substantial sums paid out to tribes without casinos from the RSTF, which are then recirculated into California's economy. Indeed, with these funds, tribal gov-

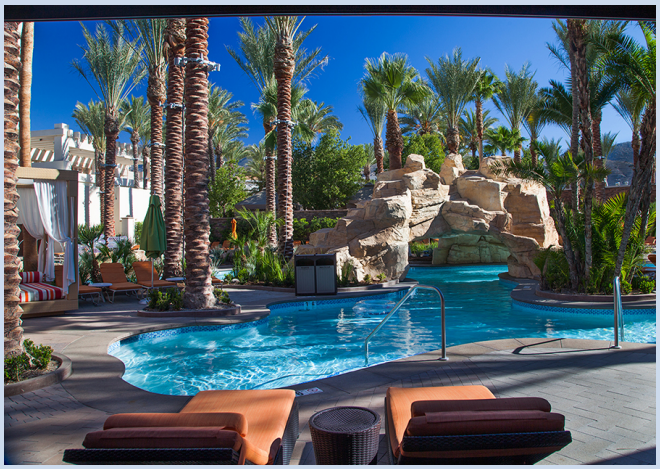
ernments of tribes without casinos have provided ample services to their members and to members of surrounding communities, and have helped local economies prosper.

Another important addition to the previous study is an inclusion of the economic impacts to the state's economy from the charitable contributions, which are considerable. Tribal governments and casinos make social contributions through charitable giving. The economic impact will be assessed to a limited degree by detailing the jobs and economic output associated with these contributions. However, this analysis underestimates the true economic impact of these charitable activities considering that charitable contributions also help local, state, and Federal governments reduce spending as these charitable organizations provide services to the poor, support education, support health awareness and studies, and help prevent crime – services that would otherwise be provided by government entities. Still, though the true impact on California of these activities is understated by this analysis, the *economic* impacts alone of these contributions warrant the consideration in this report and in the broader policy discussions.

The analysis concludes with a review of several recent studies of the impact of tribal government gaming in a number of different states, including Arizona and Colorado.

Economic Impact Analysis Overview

Overall, Beacon Economics has found that spending by casinos and tribal governments, as well as their charitable giving, and spending by tribes without casinos from RSTF funds generate a significant economic impact on the State of California. The sections that follow will detail several categories of economic impacts of tribal government gaming establishments. Beacon Economics uses an expenditures-based approach to assess these impacts, by looking at how spending by these various groups leads to increased demand and jobs at businesses throughout California.



Visitors of the Ultra Pool and Dive Day Club at Harrah's Rincon enjoy amenities such as a swim-up bar, lazy river, 21 cabanas, and nine hot tubs.

Tribal government spending, which is funded predominantly through gaming operations, generates jobs, tax revenues, and new spending throughout California. Casino-related and non-casino related spending, as well as charitable contributions, multiplies throughout the state's economy, and the effects of this spending on employment and on business and government revenues ultimately improves the quality of life in California.

Critically, tribal government spending generates its greatest impacts locally. Casinos and many of their connected operations, such as hotels, restaurants, spas, and entertainment venues are service-heavy operations and tend to have very large staffs. These staffs are comprised predominantly of local residents, providing a crucial source of employ-

ment for some communities in which jobs are otherwise scarce. In addition, our analysis shows that these jobs are largely filled by local residents who do not belong to the tribe. Indeed, over 90% of the jobs at establishments surveyed for this study were filled by non-tribal members, showing that these establishments create good opportunities, not just for tribal members, but for all residents of the local economy.

Importantly, casinos and their connected operations also provide many jobs to residents that face otherwise adverse employment opportunities. Especially in the present day, when hiring in many lower-skilled sectors remains weak and total employment in these sectors lags pre-recession levels, casinos and their related businesses hire many workers who would otherwise search for jobs but, because of market conditions, might be unable to find work.

Moreover, employees of tribal government casinos earn more than comparably skilled workers at other businesses. According to data collected for the current analysis, tribal government casino employees earn an average of $29,600 per year. By comparison, California workers in the Leisure and Hospitality sector, such as hotel or restaurant and bar employees, earn on average $25,200 per year, according to the U.S. Quarterly Census of Employment and Wages. Additionally, many full-time casino employees earn benefits, such as health insurance and retirement plans. Thus, not only does tribal government gaming in California support a substantial *quantity* of job opportunities, but the *quality* of those jobs is often better than other alternatives for jobs that require an equivalent skill set.

Redding Rancheria opens the Tribal Health Center, serving Trinity County and western Shasta County.

And, although the jobs picture is an important aspect of the story, it is not only local residents that benefit from casinos and related operations but area businesses as well. Casino restaurants and cafés often buy raw food locally, casinos may acquire furnishings from local stores, golf courses may buy trees, shrubs, and landscaping from nearby nurseries. Companies supplying linens, uniforms, professional services, and many others benefit as well. In other words, it isn't just the direct effects of the tribal government gaming operations themselves that matters, but how those activities ripple through the rest of the economy generating knock-on impacts, which in turn generate new jobs and boost wages for workers in the local economy.

As local businesses and the local labor supply generally cannot supply all of the goods and services needed for tribal gaming and non-gaming operations, many goods and services are purchased from other parts of the state. These purchases also help to create jobs and boost wages in those areas. By examining the local supply chain related to the procurement of goods and services that go into tribal government gaming and non-gaming operations, it is possible to also estimate the impact that this non-local spending generates.

In all, tribal government gaming and non-gaming operations create jobs, boost wages, and generate economic output throughout the state. The operations deliver a substantial impact to a local economy, which then reverberate throughout the economies of other regions in California.

Economic Impact of Tribal Gaming Operations

By examining spending data from tribal government casinos of all sizes throughout California, it is possible to assess the amount of economic activity generated in the local and state economy from all tribal government gaming statewide. The findings detailed in this study do not represent a "net analysis. " In other words, it is not assumed that in the absence of tribal government gaming, none of the associated spending would occur. Nonetheless, it is safe to assume that some of this spending would leak out of California, as some individuals would opt to spend money at a casino in Reno or Las Vegas if a California tribal government casino were not available to them locally. Likewise, spending at casino resorts and hotels would be transferred to comparable resorts and hotels in places like Lake Tahoe or Scottsdale.

This report does not propose to capture the level of this spending that would otherwise be "lost," but rather to capture the total impact of all spending on tribal government gaming in California and demonstrate the amount of jobs and economic activity that are currently supported by these operations. It will demonstrate the important linkages between tribal government gaming and local economies throughout the state, as well as the vast impact of tribal government gaming on the state overall.

Data Collection

Table 1: Tribes Participating in Impact Study

Tribe	Casino	City	County
Cachil DeHe Band of Wintun Indians of the Colusa Indian Community	Colusa Casino Resort	Colusa	Colusa
Bear River Band of Rohnerville Rancheria	Bear River Casino	Loleta	Humboldt
Middletown Rancheria of Pomo Indians of California	Twin Pine Casino & Hotel	Middletown	Lake
Tuolumne Band of Me-Wuk Indians	Black Oak Casino	Tuolomne	Tuolomne
Blue Lake Rancheria	Blue Lake Casino & Hotel	Blue Lake	Humboldt
Cher-Ae Heights Indian Community of the Trinidad Rancheria	Cher-Ae Heights Casino	Trinidad	Humboldt
Elk Valley Rancheria	Elk Valley Casino	Crescent City	Del Norte
Pit River Tribe	Pit River Casino	Burney	Shasta
Coyote Valley Band of Pomo Indians	Coyote Valley Casino	Redwood Valley	Mendocino
Redding Rancheria	Win-River Resort & Casino	Redding	Shasta
Santa Ynez Band of Chumash Indians	Chumash Casino	Santa Ynez	Santa Barbara
Cabazon Band of Mission Indians	Fantasy Springs Casino	Indio	Riverside
Morongo Band of Mission Indians	Morongo Casino, Resort & Spa	Banning	Riverside
Pala Band of Mission Indians	Pala Casino, Resort & Spa	Pala	San Diego
Rincon Band of Luiseno Indians	Harrah's Rincon Casino & Resort	Valley Center	San Diego
San Manuel Band of Mission Indians	San Manuel Indian Bingo & Casino	Highland	San Bernardino
Sycuan Band of the Kumeyaay Nation	Sycuan Casino	El Cajon	San Diego

To conduct an analysis of tribal government gaming operations in California, Beacon Economics distributed a survey of financial and employment data to gaming tribes of all sizes throughout the state. In all, 17 California gaming tribes completed the survey or nearly one-third of all tribal government gaming operations in the state. This survey sample includes both large and small casinos in urban and rural markets, which have a range of amenities, such as hotels, restaurants, retail stores, and entertainment venues. The participating tribes are listed in the table below.

Unlike some impact studies, this study does not need to make many assumptions about the characteristics of non-participating members of the tribal government gaming population. Many of these characteristics are already known, such as whether non-participating casinos offer amenities such as spas, stores, or golf courses, or how many hotel rooms non-participating casinos offer to their customers. The fact that all of this information on the characteristics of each individual tribal government gaming operation is known helps to guide the estimates of this study and increase its reliability.

Tribal government gaming expenditures were collapsed into several categories, each of which generates unique impacts in local economies throughout the state and in the total California economy. For example, the economic activity generated by $1 spent in a hotel will differ from the activity generated by $1 spent in retail stores. This is because hotels have different labor needs than retail stores, and also have different spending patterns. Hotels spend significantly more on manufactured furniture than retail stores, while retail stores spend significantly more on manufactured apparel than hotels—and each of those three industries (hotel, retail, and manufacturing) generates a different impact on jobs, output, and taxes in a local economy.

Direct Spending

Altogether, California tribal government casinos spent $3.8 billion on gaming operations in 2012. That represents a 5.5% increase over the spending estimated for 2010 in our previous study, showing the impact that a gradually healing economy can have on the impacts of this important industry. The largest category of expenditures was Fixed, General & Administrative, with $975.4 million in expenditures in 2012, or 25.4% of all spending. This category includes spending on office personnel and equipment, which supports running business operations at a casino. Gaming expenditures was the second largest category, with $807.1 million in expenditures in 2012, or 21.0% of all spending. This category includes purchases like gaming tables and chips and wages for dealers, supporting floor operations in casinos.

Table 2: Categories of Tribal Gaming Expenditures

Expenditure Category	Total ($)	Average Per Tribe ($)
Fixed G&A + Misc.	975,426,829	16,532,658
Gaming	807,112,103	13,679,866
Advertising	663,840,883	11,251,540
Food/Beverage Establishments	588,306,074	9,971,289
Facility Support	253,554,758	4,297,538
Security	182,360,566	3,090,857
Utilities	114,833,994	1,946,339
Retail	102,893,455	1,743,957
Entertainment	77,563,757	1,314,640
Hotel	72,228,178	1,224,206
Total	3,838,120,598	65,052,891

Table 2 presents the various categories of casino expenditures, the total expenditures for each category, and the percentage of total expenditures that each category represents. Many individual categories of casino expenditures increased substantially from 2010 to 2012. Security spending grew by a full 100%, or $91.4 million overall, while advertising spending grew by 8.1%, or $49.6 million overall.

Note the estimated spending on a per-tribe basis. Annual per-tribe spending on Fixed, General & Administrative is $16.5 million alone, while per-tribe spending on Gaming is $13.7 million. Although these tribes spend substantial amounts of money on casino operations in the aggregate throughout California, it is important to remember that they spend most of this money locally, and each tribe's spending provides a significant amount of money to their local economy. While much of this spending comes from tribes that operate the largest casinos with a high number of amenities, spending at smaller casinos is high as well, and it often provides a major source of economic activity in smaller commercial areas.

Types of Economic Impact

Using the estimated expenditures of California tribal casinos, Beacon Economics estimated the economic impact of those expenditures on California. This includes an analysis of the employment, output, value added, wage and earnings, and tax effects of the expenditures and contributions for each area. Beacon Economics employed the IMPLAN modeling system. The IMPLAN system is an input/output model that can be used to estimate the short-run impact of changes in the economy through the use of multipliers.

The IMPLAN modeling system combines the U.S. Bureau of Economic Analysis' Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses, and between businesses and final consumers. From this data, we can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional, or local economy (impact analysis). The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected periodically by the U.S. Bureau of Economic Analysis and follow a balanced account format recommended by the United Nations.

Children participate in activities at Camp Kalawashaq, a six-week summer camp organized by the Santa Ynez Band of Chumash Indians.

IMPLAN's Regional Economic Accounts and the Social Accounting Matrices are used to construct region-level multipliers that describe the response of the relevant regional economy to a change in demand or production as a result of the activities and expenditures of tribal casinos. Each industry that produces goods or services generates demand for other goods and services, and this demand is multiplied through a particular economy until it dissipates through "leakage" to economies outside the specified area. IMPLAN models discern and calculate leakage from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, economic impacts that accrue to other regions or states due to a change in demand are not counted as impacts within the economic area.

The model accounts for substitution and displacement effects by deflating industry-specific multipliers to levels well below those recommended by the U.S. Bureau of Economic Analysis. In addition, multipliers are applied only to personal disposable income to obtain a more realistic estimate of the multiplier effects from increased demand. Importantly, IMPLAN's Regional Economic Accounts exclude imports to an economic area so the calculation of economic impacts identifies only those impacts specific to the economic impact area, in this case the State of California. IMPLAN calculates this distinction by applying the area's economic characteristics described in terms of actual trade flows within the area.

Impact studies operate under the basic assumption that any increase in spending has three effects: First, there is a direct effect on that industry itself. For example, the construction, repair, refurbishment, and expansion of facilities will require casinos to commit their own labor and resources to the construction projects. Second, there is a chain of indirect effects on all the industries whose outputs are used by the industry under observation. For a construction project, indirect effects would include the demand and employment that is stimulated at firms that provide goods and services to this project, such as architectural/engineering services or suppliers of raw building materials. Third, there are induced effects that arise when employment increases and household spending patterns are expanded. These induced effects arise because both tribal casinos and their suppliers will pay out wages to their employees associated with the construction projects, and those wages will then be spent back into the local economy on household items such as food, gas, cars, and housing. These generate additional demand/output and associated wages that will then be spent back into the local economy generating additional secondary effects.

The Sycuan Band of the Kumeyaay Nation hosts an annual pow-wow in El Cajon.

There are several aspects to the overall economic impact. First, there is an effect on value added—the take-home pay of all the people affected will be supplemented by that amount. The secondary and tertiary effects of the project on the rest of the local economy are not very large. Second is the employment effect, with some jobs created locally, and the others spread throughout the California economy. Third is the output effect, where the difference between value added and output is that the former concentrates on individuals' paychecks, whereas the latter includes the costs of intermediate inputs. National income accounting avoids double counting by excluding the costs of intermediate inputs.

It is also important to note that capital investments made on different types of investment can lead to different multipliers. Similarly, investments made within the same sector in different regions can generate different economic impacts. Why do multiplier effects differ across sectors? A sector can have a large multiplier if it induces economic activity in industries whose employees have a high propensity to spend from their take-home pay. Also, if the sector does not

import many materials from abroad or from out of state, then its multiplier effect on the local economy will be high. In essence, some of the spending in the local economy may "leak out" into other states and countries.

This is why multipliers, even for the same industry, can fluctuate from region to region depending on the local availability of inputs to that production process. If a region needs to have these inputs more heavily imported due to the structure of that region's economy, then a similar investment into this sector would generate smaller overall economic impacts because a larger portion of the investments into the local sector will result in a greater degree of economic activity leaking outside the region. For instance, spending in the Manufacturing sector in Contra Costa County will likely generate a larger total impact than spending in the Manufacturing sector in Alpine County because Contra Costa County has a larger base of businesses providing the raw materials that go into the manufacturing process than Alpine County. Alpine County's economy is primarily focused on agriculture. The same is true if a California business buys inputs from firms in different states.

Overall, Beacon Economics' analysis using input-output accounts is based on three important assumptions. First, there are constant returns to scale. This means that a 10% cut in spending will be ten times as severe—across every sector in the economy—as a 1% cut. Second, there are no supply constraints. This means that any marginal increase in output can be produced without having to worry about bottlenecks in labor markets, commodity markets, or necessary imports. This assumption is quite realistic in a free-market economy like California's where there is some unemployment. It is even more realistic in times of high unemployment, as is the current state of the labor market, when there is still a significant portion of under-utilized or un-utilized resources across the state. Third, the flow of commodities between industries is fixed. This means that it is not possible to substitute in the short-run the many different inputs that go into the target industry.

Beacon Economics' analysis covers the primary areas of economic impact that will accrue due to expenditures at tribal casinos: the direct employment, output, and value added effects in California; the indirect effects on all the industries whose outputs are used by the proposed investments; and the induced effects arising when employment increases and household spending patterns are expanded.

Impact of Tribal Gaming Operations on Output

According to estimates of total tribal casino expenditures in California, Beacon Economics finds that California tribal gaming operations generated $8.0 billion statewide in 2012. Of this total, $3.8 billion represents direct spending by the casinos for goods and services, while $4.2 billion represents secondary spending by firms that supplied those casinos, individuals who received an increase in income as a result of casino expenditures, firms that received an increase in revenues as a result of the increase in income, and so on. Of this $4.2 billion, $1.9 billion comes from indirect effects, while $2.3 billion comes from induced effects. Industries that received the largest increase in economic activity as a result of tribal gaming expenditures are detailed in the appendix of this study.

Table 3: Impact of Tribal Gaming Operations on Output

Impact	Output ($ Mil)
Direct	3,838.1
Indirect	1,923.2
Induced	2,258.2
Total	8,019.5

Source: IMPLAN, with Calculations by Beacon Economics

In 2012, as in 2010, tribal gaming operations generated more secondary economic activity in California than direct economic activity. That is, the effects of tribal casino spending as it flowed through the California economy were larger than the total sum of that initial spending: $4.2 billion versus $3.8 billion. This indicates that tribal casinos serve a very important role in the state's economy. With the relationship between spending and its impact greater than 1:1, the investments that tribal casinos are making in the economy in the form of spending is creating more revenue for businesses and incomes for residents in California than the initial input. Moreover, observing the variety of industry sectors that receive a substantial increase in output as a result of tribal casino spending, such as Real Estate, Wholesale Trade, Telecommunications, and Legal Services, the impacts of tribal gaming spending ripple through many areas of the California economy.

Table 4: Secondary Output Impacts by Industry

Industry	Secondary Output ($ Mil)	Percent of Total Impact
Real Estate Establishments	295.0	7.1%
Wholesale Trade Businesses	152.4	3.6%
Telecommunications	151.9	3.6%
Food Services and Drinking Places	149.9	3.6%
Monetary Auth. and Depos. Credit Intermediation	112.0	2.7%
Legal Services	111.5	2.7%
Insurance Carriers	101.2	2.4%
Internet Publishing and Broadcasting	97.5	2.3%
Management of Companies and Enterprises	96.5	2.3%
Cable and Other Subscription Programming	94.6	2.3%

Source: IMPLAN, with Calculations by Beacon Economics

Subtracting out the intermediate input costs (goods and services purchased in the process of generating revenues) to tribal casinos and their suppliers from this total output yields the total value added to the California economy as a result of tribal gaming operations. In all, these operations added $4.5 billion in value to the economy in 2012, of which $2.2 billion comes from tribal casinos themselves and the remaining $2.3 billion comes from other California businesses and workers.

Much of this value comes in the form of labor income. In all, tribal gaming operations in 2012 generated an estimated $2.9 billion in income for California workers. Of this total, $1.5 billion was paid to casino employees, while $643 million was generated indirectly and $710 million was generated through induced effects. Even as the California economy continues to recover, tribal casinos are providing a crucial source of income for thousands of residents throughout the state. Furthermore, as discussed below, these are relatively high-paying jobs that in many cases do not require high skills.

Impact of Tribal Gaming Operations on Employment

Tribal gaming operations support an estimated 56,100 full-time equivalent jobs in California. Of this total, roughly 32,400 represent direct jobs, while roughly 10,200 positions are supported through indirect effects and 13,500 are supported through induced effects. Tribal gaming supports thousands of casino-related jobs, but its secondary impact spans a wide range of industries. Food Services and Drinking Places receives the largest secondary benefit, with 2,135 jobs supported through indirect and induced effects. Employment Services also receives a substantial benefit (1,520 jobs), especially through indirect effects (1,210 jobs). Real Estate (1,453 jobs), Wholesale Trade (745 jobs), and Offices of Physicians, Dentists, and Other Health Practitioners (673 jobs) are each big beneficiaries as well.

Table 5: Impact of Tribal Gaming Operations on Employment

Impact	Jobs
Direct	32,420
Indirect	10,169
Induced	13,504
Total	56,093

Source: IMPLAN, with Calculations by Beacon Economics

Beacon Economics also finds that tribal gaming provides relatively high wages to its employees—$14.80 per hour in 2012, on average. Many of these jobs do not require high levels of education (e.g. a bachelor's degree). This is a benefit to residents throughout California, as it remains consistently more difficult for individuals with lower levels of education in the state to find jobs, especially during difficult economic times such as the most recent recession. According to the U.S. Census American Community Survey, the unemployment rate for residents of California with bachelor's degrees or higher is 5.7%, while the unemployment rate for those with less than a high school diploma is much higher, at 13.2%. In 2009, in the midst of the economic recession, the unemployment rate for residents of California with bachelor's degrees or higher was 6.0%, while the unemployment rate for those with less than a high school diploma was 13.8%.

Table 6: Secondary Employment Impacts by Industry

Industry	Secondary Impacts (Jobs)	Percent of Total Impact
Food Services and Drinking Places	2,135	9.0%
Employment Services	1,520	6.4%
Real Estate Establishments	1,453	6.1%
Wholesale Trade Businesses	745	3.1%
Offices of Phys., Dentists, and Other Hlth Pract.	673	2.8%
Services to Buildings and Dwellings	653	2.8%
Accounting, Tax Prep., and Payroll Svcs	602	2.5%
Legal Services	516	2.2%
Private Hospitals	486	2.1%
Management, Sci., and Tech. Consulting Svcs	441	1.9%
Retail Stores	409	1.7%

Source: IMPLAN, with Calculations by Beacon Economics

The relatively high wages California's tribal casinos pay to their employees are a benefit to businesses throughout the state. Higher wages mean more income to invest in housing or cars, to eat at restaurants, or to spend at retail stores. This translates into more revenue for businesses, more jobs for residents, and more income for workers. Reduce the labor income for casino workers, and not only would the direct value added to the California economy through tribal gaming fall, but the secondary impacts of that income would fall as well, to the detriment of the state's economy.

Impact of Tribal Gaming Operations on State and Local Tax Revenues

Spending by tribal casinos, businesses that gain revenues as a result of that spending, and workers who earn income due to that spending, contribute substantially to state and local tax revenues in California. In 2012, over $505 million in tax revenues were generated in the form of property taxes ($118.3 million), corporate income taxes ($22.1 million), sales taxes ($147.1 million), and a range of other taxes such as motor vehicle license and severance taxes. Additionally, much of the tribal casino workforce is composed of non-tribal employees, who pay state taxes in addition to payroll taxes and sales and use taxes for purchases. Overall, tribal gaming operations contribute significantly to state and local tax bases through their gaming/compact fees as well as through the indirect taxes generated by their spending at businesses throughout the state.

Each of these tax categories is composed of direct and secondary revenues, and each is broken out by type of impact in Table 7.

Table 7: Tax Revenues by Type of Impact

Category	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employee Compensation	$6,735,660	$2,674,618	$3,065,939	$12,476,218
Tax on Production and Imports	$146,014,419	$53,600,380	$110,683,118	$310,297,922
Households	$61,912,734	$25,975,669	$28,597,819	$116,486,220
Corporations	$26,674,710	$16,712,201	$23,076,586	$66,463,496
Total	$241,337,523	$98,962,868	$165,423,462	$505,723,856

Source: IMPLAN, with Calculations by Beacon Economics

Economic Impact of Tribal Non-Gaming Operations

Tribal gaming industry spending is not limited to casino-related expenses. An important component of tribal gaming spending is associated with tribal government operations. Tribal casinos throughout California contribute to local tribes' public services such as police, fire protection, and education. Indeed, casino contributions to tribal governments serve as an essential source of funding for the revenue bases of many local tribes. Using the sample of tribal casinos described above, and the same method used to estimate gaming expenditures, Beacon Economics estimated the total amount of economic output generated by the casinos through their non-gaming expenditures. The table below represents each spending category used in the analysis.

Table 8: Categories of Tribal Non-Gaming Expenditures

Expenditure Category	Total ($)	Average Per Tribe ($)
General Govt. Operations + Misc	560,686,645	9,503,163
Health Care	147,528,559	2,500,484
Community/Social	115,819,900	1,963,049
Pol./Fire/Emergency	90,604,799	1,535,675
Education	45,763,213	775,648
Environmental	29,500,612	500,010
Utilities	26,672,382	452,074
Facility Support	20,670,251	350,343
Housing	13,476,360	228,413
Total	1,050,722,721	17,808,860

Impact of Tribal Non-Gaming Operations on Output

Beacon Economics estimates that in 2012 non-gaming expenditures by California's tribal casinos generated a total of $2.3 billion in economic activity in the state. Of this total, $1.1 billion was generated directly through tribal government expenditures, while $578 million was generated through indirect effects—spending by those who supply goods and services to tribal governments—and $629 million was generated through induced effects.

Some sectors in the state received an especially substantial benefit as a result of these non-gaming expenditures, as measured by their total secondary impacts. Real Estate was the largest recipient, with $96.0 million in secondary economic activity generated as a result of tribal non-gaming expenditures. Intuitively, this result makes sense given that take-home pay is largely used to finance monthly rent or mortgage costs. This represents 8.0% of all secondary economic activity generated by tribal non-gaming expenditures. Not far behind was Wholesale Trade, capturing 3.9%

($47.2 million) of all secondary economic activity generated by tribal non-gaming expenditures as tribal governments and the businesses that support them procured a variety of goods across the state.

Perhaps equally important is the fact that the services provisioned by tribal governments across the state not only create jobs but they fill a role for tribal and, in many cases, non-tribal members alike. Indeed, in some rural parts of the state, the tribal gaming operations are virtually the only source of economic development in those regions.[2] This frees up California's limited fiscal resources to be used in other areas, which ultimately enables the state to provide more or better public services or to pay down its external obligations more easily. For example, the Karuk Tribe in Northern California maintains three of its own health clinics that provide healthcare that might otherwise be provided by the state in the absence of the revenues generated by tribal government gaming.

Table 9: Impact of Tribal Non-Gaming Operations on Output

Impact	Output ($ Mil)
Direct	1,050.7
Indirect	578.4
Induced	628.6
Total	2,257.7

Source: IMPLAN, with Calculations by Beacon Economics

In many cases, services provisioned by tribal governments in California has not only reduce the dependence on state resources by tribes, but the tribes actually add to the state's capacity to address their own challenges. Indeed, tribal governments often provide services to California residents with little to no direct benefit to their own tribe. Sycuan is a perfect example of services that end up providing for the greater good. Their hotshots crew of firefighters was deployed last year to help fight the Rim Fire in the Yosemite area. Although based in San Diego County, Sycuan provided both the helicopters as well as the firefighters to help protect this national treasure despite the fact that they are far-removed from the direct effects of the fires.

Table 10: Secondary Output Impacts by Industry

Industry	Secondary Impact ($ Mil)	Percent of Total Impact
Real Estate Establishments	96.0	8.0%
Wholesale Trade Businesses	47.2	3.9%
Monetary Auth. and Depos. Credit Intermediation	45.0	3.7%
Architectural, Engineering, and Related Services	40.6	3.4%
Petroleum Refineries	39.1	3.2%
Food Services and Drinking Places	35.4	2.9%
Maint. and Repair Constr. of Nonres. Structures	33.5	2.8%
Telecommunications	32.7	2.7%
Other State and Local Government Enterprises	27.6	2.3%
Offices of Phys., Dentists, and Other Hlth Pract.	26.4	2.2%

Source: IMPLAN, with Calculations by Beacon Economics

The industry sectors generating the largest secondary impacts are presented in Table 10. In general, these sectors tend to be more labor intensive. A substantial proportion of the revenue that firms in these sectors earn as a result of tribal non-gaming spending is dispersed to workers, who then spend much of that additional income throughout California. Some of the sectors that generate substantial secondary output impacts, such as Food Services and Drinking Places, have a higher-than-average proportion of lower-wage workers. Because lower-wage workers tend to spend a higher percentage of the additional income they earn than higher-wage workers, they generate a much larger economic impact than higher-wage workers.

After subtracting intermediary inputs from the $2.3 billion in output generated statewide by tribal non-gaming expenditures, $1.2 billion in value was added to the California economy as a result of these expenditures. Of this total,

[2]Madera County Supervisor Tom Wheeler, "The Tribe is responsible for the only significant investment and development in the last 20 years to the point where they are now the town's largest employer with nearly 100 employees."

$805 million represents income for California workers. As noted above, this provides a significant benefit to state workers, and the state economy, as high personal income for residents is an important contributor to in-migration. Higher-than-average incomes help to attract new businesses to California as housing costs are extremely high in some areas of the state and can be a deterrent to businesses' employees.

Thus, not only do the gaming operations enable tribal government to spend money and create jobs, they also enable vast social contributions to the California as well.

Impact of Tribal Non-Gaming Operations on Employment

Beacon Economics estimates that in 2012 non-gaming expenditures by California tribal casinos supported a total of 14,800 full-time equivalent jobs in the state. Of this total, an estimated 8,200 workers were employed directly by the tribes, while a total of 6,600 workers were supported through the secondary effects of tribal non-gaming expenditures. Those expenditures supported roughly 2,850 jobs through indirect effects and nearly 3,750 jobs as a result of induced effects.

Table 11: Impact of Tribal Non-Gaming Operations on Employment

Impact	Jobs
Direct	8,203
Indirect	2,869
Induced	3,757
Total	14,829

Source: IMPLAN, with Calculations by Beacon Economics

Many of the non-gaming jobs that tribal governments provide fulfill important community support functions and deliver fundamental services to members of the tribes. Tribal governments very often fund their own public safety officers, health care workers, and educators. Workers in these fields not only strengthen the state economy, they also strengthen the tribes themselves and improve the quality of life for members and non-members alike. The section on social impacts included below discusses the effects of social services in detail.

Table 12: Secondary Employment Impacts by Industry

Industry	Secondary Impact (Jobs)	Percent of Total Impact
Food Services and Drinking Places	504	7.6%
Real Estate Establishments	473	7.1%
Employment Services	387	5.8%
Architectural, Engineering, and Related Svcs	249	3.8%
Maint. and Repair Constr. of Nonres. Structures	238	3.6%
Wholesale Trade Businesses	231	3.5%
Offices of Phys., Dentists, and Other Hlth Pract.	188	2.8%
Services to Buildings and Dwellings	163	2.5%
Private Hospitals	136	2.1%
Monetary Auth. and Depos. Credit Intermediation	133	2.0%

Source: IMPLAN, with Calculations by Beacon Economics

Impact of Tribal Non-Gaming Operations on State and Local Tax Revenues

Table 13: Tax Revenues by Type of Impact

Category	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employee Compensation	$1,954,558	$800,475	$853,321	$3,608,354
Tax on Production and Imports	$7,635,293	$16,210,560	$30,799,944	$54,645,797
Households	$16,573,048	$7,797,770	$7,960,333	$32,331,153
Corporations	$6,394,957	$4,979,512	$6,422,085	$17,796,554
Total	$32,557,856	$29,788,317	$46,035,683	$108,381,858

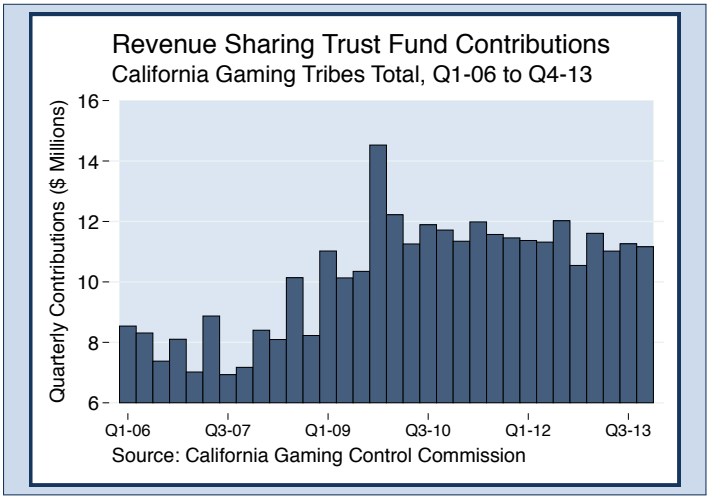
Source: IMPLAN, with calculations by Beacon Economics

Beacon Economics estimates that the economic activity generated by non-gaming spending by tribal casinos yielded $108 million in state and local tax revenues. Of that total, an estimated $5.9 million (5.5%) comes from corporate income taxes, $21.0 million (19.3%) comes from property taxes, $25.9 million (23.9%) comes from sales taxes, and $25.5 million (23.5%) comes from personal income taxes. While tribe members living on-reservation are exempt from certain state income taxes, some tax revenue comes from tribe members who live off-reservation and from properties and other goods purchased throughout California. Clearly, tribal government operations provide an important source of funding for the state government and for municipal governments across California.

Social Impacts of Tribal Gaming Contributions

Impact of Revenue Sharing Trust Fund Contributions

It is important to point out that the benefits of tribal government gaming in California are not limited to tribes with a casino ("gaming tribes"), but rather all tribes have been positively impacted. California's tribes without casinos share in the profits garnered by gaming casinos through the Revenue Sharing Trust Fund (RSTF). The RSTF allows funds generated by gaming tribes to be distributed to tribes without casinos in an effort to help increase their self-reliance. Through the RSTF distribution, tribes without casinos share in gaming tribes' revenue. Tribes without casinos, or non-compact tribes,[3], have received nearly $1 billion ($937 million) from the RSTF since its incep-



[3]A Non-Compact tribe is a federally-recognized tribe that operates fewer than 350 gaming devices.

tion by the end of 2013 (funded by revenue generated from the operations of gaming tribes, or compact tribes[4]).

While RSTF money is used to support various tribal government departments and programs that promote tribal self-sufficiency, the funds also help tribes without casinos create jobs and make investments that sustain their communities. Tribal spending helps reduce their member's dependence on state and local government budgets for welfare, unemployment, healthcare, and additional social assistance. Various tribes, including the Bear River Band of Rohnerville Rancheria, provide individual loans for tribal members at reasonable rates (4%-5%). Other institutions can charge more than 20% for unsecured loans.[5] Other tribes use RSTF funds to help members pay for social assistance. For example, the Wiyot Tribe uses RSTF funds to reimburse its members for chimney cleaning, hunting/fishing licenses, or assistance with emergency medical care and burials.[6]

Summary: Economic Impact of RSTF Funds, 2012

Impact	Jobs	Output ($Millions)	Value Added ($Millions)	Labor Income ($Millions)
Direct	139	45.3	19.0	14.6
Indirect	142	30.1	15.7	10.1
Induced	152	25.5	14.5	8.0
Total	433	100.9	49.2	32.7

Source: IMPLAN, with Calculations by Beacon Economics

The RSTF allows tribal governments to deliver projects and services that they may not otherwise be able to provide. While some of the projects and services supplied by tribal governments may not be directly linked to the RSTF, they are a large factor. These projects and services have been especially helpful during the recent drought in California. Some tribal governments are providing relief efforts and helping plan for the future. The Hoopa Valley Tribe's Tribal Environmental Protection Agency (TEPA) recently declared a drought emergency and announced plans to begin testing for bacterial contamination in the Trinity River.[7] A group of organizations, including the Karuk Tribe, are devising plans to relocate salmon from Scott River if drought conditions continue to affect spawning.[8] And Chicken Ranch Rancheria of the Me-Wuk Indian Tribe will help transport water to Tuolumne County.[9]

Sycuan Golden Eagle Hotshots serve both tribal and non-tribal regions, such as traveling 500 miles to Yosemite Park to help fight the 2013 rim fire.

Further back, the North Fork Rancheria of Mono Indians in Madera County used RSTF funds to develop a modern tribal government, provide critical support programs, and

[4]A Compact tribe is a tribe which has a compact with the State of California that authorizes the Gaming Activities authorized by the Tribal-State Gaming Compact.

[5]http://www.brb-nsn.gov/wp-content/uploads/2014/01/short-term-loan-policy.pdf

[6]http://www.wiyot.us/rstf-services

[7] http://www.tworiverstribune.com/2014/01/hoopa-valley-tribe-declares-drought-emergency/

[8] http://www.taftmidwaydriller.com/article/20140204/NEWS/140209900/0/FRONTPAGE

[9] http://www.mercedsunstar.com/2014/02/07/3483737/water-district-bails-out-tuolumne.html

create a vibrant community for tribal and non-tribal members. Investment and construction activities spearheaded by the North Fork Rancheria have helped reverse the decline in residents and businesses in the small Sierra foothills town of North Fork since the closure of the local saw mill and deterioration of the logging industry in the early 1990s. In 2003, the Tribe used RSTF money to purchase a landmark building built in 1946, which it then saved, refurbished, and converted into its Tribal Administration offices.

In 2012, $45.3 million in RSTF funds were distributed to tribes without casinos in California. The direct impact of these tribes' expenditures derived from the RSTF supported 139 jobs and $14.6 million in earnings. Combined with the indirect and induced effects, the total economic output derived from expenditures by tribes without casinos as a result of the RSTF is $100.9 million, the total number of jobs supported is 433, the total earnings supported is $32.7 million, and the total tax revenues generated is $4.2 million.

Impact of Charitable Contributions

On top of helping tribes without casinos through the RSTF, tribal casinos and tribal governments donate time and money to charities that serve various causes. In the following section we estimate the economic impact that comes from the financial donations made by various tribal governments and casinos. However, it is worth noting that an even larger amount of charitable support is provided in the form of volunteer work or community service. The analysis acknowledges various examples of these community service projects to demonstrate the fuller contributions tribal governments and casinos make to the community.

Summary: Economic Impact of Charitable Contributions, 2012

Impact	Jobs	Output ($Millions)	Value Added ($Millions)	Labor Income ($Millions)
Direct	616	36.6	12.1	29.2
Indirect	173	31.0	17.5	10.9
Induced	248	41.6	23.6	13.1
Total	1,038	109.2	53.2	53.2

Source: IMPLAN, with Calculations by Beacon Economics

In Beacon Economics' survey of tribal government and casinos throughout California, charitable donations among all tribal governments and casinos topped $36.6 million in 2012. While these donations support many local jobs, wages, and tax revenues, the total impact is far greater when taking into account the direct, indirect, and induced effects. The direct spending supports 616 jobs and $29.2 million in earnings. These jobs include employees of the various charity organizations, such as those working at the McGrath Family YMCA in San Diego County, the National Multiple Sclerosis Society, the Shasta Regional Community Foundation, and the Barbara Sinatra Children's Center. On average, direct spending on charity by tribal governments and casinos support earnings of $47,350 per job. The average wages supported may seem relatively low, but workers employed by charitable or non-profit organizations often accept lower wages in exchange for the personal fulfillment attained by serving a cause they value.

Direct spending on charity by tribal governments and casinos also supports tax revenues for various levels of government. However, much like the earnings-per-job stipulation, the impact of the activity taken on by charities goes beyond revenues generated because the work they perform can save governments money by decreasing the need for certain types of discretionary spending. For example:

- Sycuan Casino donated $26,500 to Mama's Kitchen in 2012, a charity that delivers healthy meals at no cost to San Diego men, women, and children affected by HIV/AIDS or cancer. Harrah's Rincon Casino donated $15,000 to The Angel's Depot in 2012, an organization that provides free emergency meal boxes to older Americans living in

poverty in San Diego County. Apart from their positive social impacts, donations that help reduce poverty and feed those in need also reduce spending by the State's CalFresh program, which provides food stamps.

- In 2012, Harrah's Rincon Casino made various donations in support of education-related programs, including $15,000 to the Chicano Federation of San Diego County, $5,000 to the New Village Arts Association of Carlsbad, $5,100 to Casa Familiar, and $1,500 to California State University San Marcos. Similarly, Pala Casino hosts Bonsallpalooza, a benefit concert to help fund Music & Arts Education in the Bonsall School District. And the San Manuel Casino hosted their annual golf charity tournament in 2012, helping to raise $80,000 for the San Bernardino County Superintendent of Schools' Children Deserve Success Homeless Education Program. These types of charities help educate children, which ultimately supports local school districts, California's Department of Education, and the U.S. Department of Education. In addition, increases in educational attainment have a positive impact on future income and future income tax revenues for government.
- Sycuan Casino donated $55,000 to the National Multiple Sclerosis Society and $51,500 to the Challenged Athletes Foundation in 2012. That same year Redding Rancheria donated $5,000 to the National Indian Health Board. Donations to health improvement or to organizations that study disease, helps reduce health care related costs for various governments, particularly at a time when changes related to the Affordable Care Act are already causing concern.
- The Bear River Band of the Rohnerville Rancheria completely funded a full-time deputy sheriff in Humboldt County. Besides helping to prevent and lower crime, this type of donation reduces the government expenditures needed to support police departments and prisons.

The $36.6 million in charitable spending by tribal governments and casinos is also carried over to other parts of the economy as charities and other non-profit organizations purchase intermediate goods and pay laborers, creating an indirect impact. Using the IMPLAN modeling system, Beacon Economics estimates that the indirect impacts derived from charitable spending by tribal governments and casinos amount to $31.0 million. Furthermore, the indirect impacts support 173 jobs and $10.9 million in earnings. And the jobs supported go beyond the Charity and Non-Profit sectors. For example, they include the food preparers and agricultural workers who provide foodstuffs to charities and non-profit organizations, retail trade workers who provide school supplies, and researchers at institutions that create medicines, and discover medical alleviation methods and cures.

Relay for Life - More than 100 Harrah's HEROs took part in this 24-hour fundraiser for the American Cancer Society. Pictured are members of the first shift team.

The $36.6 million in charitable spending by tribal governments and casinos also reflects $41.6 million in economic output derived from induced effects. These induced effects are a result of spending by employees who work

for charities and non-profit organizations and by workers whose jobs are supported by the indirect effects. Overall, the induced effects support 248 jobs and $13.1 million in earnings.

In addition, charitable spending, through its direct, indirect, and induced impacts, generates tax revenues from various sources such as workers compensation, income taxes, indirect business taxes, and corporate taxes. In total, $5.4 million in tax revenue was generated for state and local governments throughout California by tribal government and casino charitable donations in 2012.

Overall in 2012, charitable spending by tribal governments and casinos generated a total economic output of $109.2 million, and supported 1,038 jobs, $53.2 million in earnings, and $5.4 million in tax revenue. But as mentioned previously, charity in-kind, includes valuable donations of time, food, clothing, and other non-cash items that are not accounted for in the estimates. For example, the Harrah's Rincon casino donated approximately $29,000 worth of in-kind charity to various organizations in 2012, while employees donated 19,627 hours of service, including service to the following:

- American Cancer Society Relay for Life
- Multiple Sclerosis Society – Annual MS Walk and Bay-to-Bay Bike Ride
- San Diego PRIDE
- The Angel's Depot
- San Diego AIDS Walk
- Inland Empire Race for the Cure
- Toys for Tots/Rez Riders Holiday Toy Drive
- Valley Center/Pauma Unified School District School Supply Drive
- Second Wind Dreams

Literature Review

Existing literature on the impact of tribal gaming indicates that the industry has a significant effect on economies of varying scales. The sheer size of the tribal government gaming industry in the United States makes it a large contributor to the nation's economy and often a driving force in state government revenue.

A 2012 study on the *Economic Impact of Tribal Government Gaming in Arizona*[10] reported that from the beginning of 2004 to October of 2012, gaming tribes in the state had contributed a cumulative amount of $819.5 million to state and local governments. These tribes managed nearly two million square feet of gambling space, 2,500 hotel rooms, and operated 76 restaurants on site. The facilities employed a total of 15,187 individuals in 2011. In addition, the report noted that because of additional perks such as casino-supported daycare, single parents are often able to transition into full-time employment for the first time and assist in growing the economy in fundamentally different ways than other types of industry.

[10]Jonathan B. Taylor, *The Economic Impact of Tribal Gaming in Arizona*, 2012.

According to the 2012 study *The Statewide Impacts of Oklahoma Tribes*,[11] tribes in Oklahoma employed 53,747 individuals in 2010 with 37,531 employed directly by tribal businesses. The study goes on to report that the tribes' direct payroll to local residents was $1.5 billion. It was estimated that the tribes' activities supported $2.5 billion in state income and $10.8 billion in the production of goods and services within the state. Oklahoma's tribal governments also provided a variety of services for citizens and community members, services that in turn relieve the burden on the state for similar aid. The study estimated $287.6 million in medical expenditures alone.

Redding Rancheria donates tens of thousands of dollars in August 2013 to support Redding police and fire services.

A recent study from the University of Colorado, *The Economic Impact of Colorado's Commercial Casinos*,[12] estimated that Colorado's commercial casinos were responsible for employing 27,500 individuals in 2010. Commercial casinos in the state contribute over $2 billon each year toward the state's GDP and have invested 2.37 times as much in land, buildings, and personal property as would be expected based on the industry's total employment.

In 2011, casinos and tribal government in Oregon had an economic impact totaling $1.5 billion in output including supporting 13,153 jobs and $507 million in wages and benefits. This output resulted in local, state and Federal governments collecting $141 million in taxes and revenue. In addition, in 2011, tribes spent $55 million on new facility construction and accounted for over 25% of total spending in Oregon on hotels, recreational, leisure and amusement building.[13]

A 2012 report, *The Economic and Fiscal Impacts of Indian Tribes in Washington*,[14] examines 2010 data and highlights an important component of tribal contributions to local economies: payroll spending goes overwhelmingly to non-Indian employees. Washington tribes paid $1.3 billion to more than 27,000 state residents in 2010, of which 87% were non-Indian gaming employees. The study attributes $3.5 billion of the total gross state product to activity on American Indian reservations in Washington, with that impact generating roughly $268 million in indirect business taxes for the state.

These studies offer detailed breakdowns of the aggregate numbers associated with tribal government gaming impacts in the United States. The National Indian Gaming Commission reported that in 2012,[15] tribal government gaming operations across the nation generated nearly $30 billion in gaming revenues. Regionally, California accounted for over one-quarter of those revenues equaling $7 billion. In 2009,[16] the Commission found that 237 tribes, operating across 28 states, directly and in-directly supported 628,000 jobs. Of the over half-million jobs, 284,000 were directly related to

[11]Steven C. Agee, *The Statewide Impacts of Oklahoma Tribes*: Economic Research & Policy Institute, Oklahoma City University, October 4, 2012.

[12]Fred Crowley, Ph.D., *The Economic Impact of Colorado's Commercial Casinos*: Colorado Gaming Association, January 2011.

[13]Carsten Jensen & Bob Whelan, *The Contributions of Indian Gaming to Oregon's Economy in 2011 and 2010*, December 28, 2012.

[14]Jonathan B. Taylor, *The Economic and Fiscal Impacts of Indian Tribes in Washington*, 2012.

[15]National Indian Gaming Association, *2013 Annual Report*, 2013.

[16]National Indian Gaming Association, *2009 Economic Impact Report*, 2009.

gaming, while 344,000 were supported by employees whose earnings went back into local economies through spending at businesses such as restaurants and retails centers. As noted in the regional and state reports, tribal government expenditures on capital projects also supported jobs beyond direct tribal operations. In fact, this current analysis finds that more jobs are supported outside of day-to-day gaming operations than within them, reinforcing the state level reports that indicate tribal government gaming operations play a significant role in sustaining jobs across a wide span of industries nationwide.

A study conducted by The California Economic Forecast evaluated the economic impact of the Chumash Casino Resort (Chumash Casino) on Santa Barbara County[17] and reported that the tribal government gaming had an overall positive effect on the local economy. The study utilized an IMPLAN input-output model and determined that of the total economic activity generated, $254 million was a direct result of the casino and $58 million was a result of Chumash Casino employees spending their income in the local Santa Barbara economy. The study estimated that the $58 million in spending supported roughly 400 local jobs. Using a multiplier analysis, the California Economic Forecast concluded that for every 10 jobs at the Chumash Casino, four additional jobs were supported in the Santa Barbara County economy, and that for every $10 in output coming from the casino, an additional $4 in output was generated in the local economy.

California Attorney General Kamala Harris joins CNIGA for the launch of the 2013 Economic Impact Study.

As highlighted in the state studies, research broadly shows that the benefits of tribal government gaming are not limited to the economic sphere. Research examining impacts in the broader social sphere provide additional evidence on the positive societal impacts tribal government gaming operations can provide. This research helps break down a common myth that while tribal government gaming establishments—or broader commercial gaming—often provide economic stimulus, they do so at a cost of higher crime rates and increased compulsive gambling. In a 2000 report, Taylor, Krepps, and Wang[18] found there to be no discernible increase in negative socio-economic impacts as a result of tribal government gaming. The study was broad in scope and surveyed 100 communities across the United States, of which 24 introduced a nearly non-Indian commercial casino and 16 introduced a tribal government casino. The empirical evidence from the survey indicated that contrary to popular belief, the introduction of tribal gaming served as an important developmental tool for rural and under-developed areas.

In a separate study examining U.S. Census tract-level data for the decade of the 1990s,[19] the Center for California Native Nations at the University of California at Riverside found that Census tracts located in close proximity to gaming

[17]The California Economic Forecast, *Economic Impact of the Chumash Casino Resort on the County of Santa Barbara*, February 20, 2008.

[18]Jonathan B. Taylor, Matthew B. Krepps, and Patrick Wang, "The National Evidence of Socioeconomic Impacts of American Indian Gaming on Non-Indian Communities," *Journal of Gambling Studies*, April 2000.

[19]Center for California Native Nations, *An Impact Analysis of Tribal Government Gaming in California*, January 2006.

reservations experienced greater income growth than tracts that were further away. Interestingly, the study found that the positive income effect was progressive in nature: poorer areas received a larger boost to family income than did their wealthier counterparts. In addition to tribal gaming operations' effect on income, the study concluded that tribal gaming operations had positive effects on poverty, employment, and education. These impacts are a partially a function of the location of California Indian reservations, namely lower-income counties and Census tracts.

A recent report presented to the National Conference of State Legislatures[20] echoes what the state reports claim regarding the self-sufficiency benefits that tribal gaming operations bestow: local governments are able to provide services to a group of citizens that are traditionally considered difficult to serve. Tribally administered programs relieve the state of many obligations by meeting specific local requirements and tailoring programs in a manner that recognizes important cultural differences. Along with supporting local economies and improving local quality of life by having a positive impact on socio-economic outcomes, tribal governments that are able to operate with revenue from casino operations appear to both directly and indirectly support state and local governments.

CNIGA presents the Anna Sandoval Leadership Award to tribal leader Barbara Murphy.

To summarize, a wide variety of studies and existing literature have shown that tribal government gaming operations provide clear positive economic and social benefits to the communities they serve. This has been illustrated in terms of job creation, support of economic output for local businesses, and reducing dependency on state and local government while preserving and cultivating self-sufficiency and strong cultural identity. As indicated above, Beacon Economics' own analysis reaches similar conclusions with regard to California's tribal government gaming operations.

[20]Susan Johnson, Jeanne Kaufman, John Dossett, Sarah Hicks, and Sia Davis, "Government to Government: Models of Cooperation Between States and Tribes," National Conference of State Legislatures, April 2009.

Conclusions

In total, tribal gaming operations in California generated an estimated $8.0 billion in economic output statewide in 2012 and supported over 56,000 jobs for California residents. Nearly $3 billion of that total economic output came in the form of labor income. Subtracting out money spent on inputs into those gaming operations, tribal gaming added an estimated $4.5 billion in value to the economy of California in 2012. Tribal casinos provide a substantial source of revenue to local businesses in all parts of the state, and they often serve areas that lack a strong economic base. In addition to the impact of tribal gaming on California, tribal non-gaming operations also add a substantial amount of value to the state economy. Overall, tribal non-gaming operations, such as local education, police, fire, and emergency services, generated $2.3 billion in economic output and supported over 14,800 jobs statewide in 2012. These operations provide crucial services to tribal and non-tribal members alike, helping to fight the spread of forest wildfires and providing emergency response services to communities that may not otherwise have close access to emergency medical care.

Tribe members of all ages participate in the Santa Ynez Chumash Cultural Days.

In addition to the significant role California tribal gaming and non-gaming operations play in generating economic activity statewide, tribal governments and their casinos also generate economic activity through their charitable contributions and revenue sharing. Charitable contributions to causes such as the American Cancer Society, San Diego PRIDE, and other organizations and schools throughout the state generated an estimated $109.2 million in economic output and supported 1,038 jobs in California in 2012. These casinos and tribes are not only serving important social causes, but also stimulating substantial economic activity throughout the state. In addition, $45 million in revenue sharing funds in 2012 generated an estimated $100.9 million in economic output and supported an estimated 433 jobs in California.

Altogether, by stimulating over $10 billion in economic activity and supporting over 60,000 jobs, tribal gaming and non-gaming operations serve as a fundamental source of revenue for California business and of well-paying jobs for California workers. Tribal gaming and non-gaming operations also provide a crucial source of income for state budgeting. And the impact of these operations goes well beyond economics, such that tribal gaming and non-gaming operations, through their services to their communities and other California tribes, provide a very positive impact on the quality of life for individuals across the state.

Appendix 1: Methodology

Expenditures used as inputs in this economic impact analysis stem from survey results from tribal casinos throughout California. Using an estimate of the expenditures among all tribal casinos and their respective tribes, for both participants and non-participants, Beacon Economics estimated the economic impact of the investments in California. This includes an analysis of the employment, output, value added, wage and earnings, and tax effects of the expenditures and contributions for each area. To do this, Beacon Economics employed the IMPLAN modeling system. The IMPLAN system is an input/output economic model that can be used to estimate the short-run impact of changes in the economy through the use of multipliers.

The IMPLAN modeling system combines the U.S. Bureau of Economic Analysis' Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses, and between businesses and final consumers. From this data, we can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional, or local economy (impact analysis). The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected periodically by the U.S. Bureau of Economic Analysis and follow a balanced account format recommended by the United Nations.

IMPLAN's Regional Economic Accounts and the Social Accounting Matrices is used to construct region-level multipliers that describe the response of the relevant regional economy to a change in demand or production as a result of the activities and expenditures of tribes and tribal casinos. Each industry that produces goods or services generates demand for other goods and services, and this demand is multiplied through a particular economy until it dissipates through "leakage" to economies outside the specified area. IMPLAN models discern and calculate leakage from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, economic impacts that accrue to other regions or states as a result of a change in demand are not counted as impacts within the economic area.

The model accounts for substitution and displacement effects by deflating industry-specific multipliers to levels well below those recommended by the U.S. Bureau of Economic Analysis. In addition, multipliers are applied only to personal disposable income to obtain a more realistic estimate of the multiplier effects from increased demand. Importantly, IMPLAN's Regional Economic Accounts exclude imports to an economic area so the calculation of economic impacts identifies only those impacts specific to the economic impact area, in this case the State of California. IMPLAN calculates this distinction by applying the area's economic characteristics described in terms of actual trade flows within the area.

Impact studies operate under the basic assumption that any increase in spending has three effects: First, there is a direct effect on that industry itself. For example, the maintenance of tribal casinos will require firms to commit their own labor and resources toward upkeep. Second, there is a chain of indirect effects on all the industries whose outputs are used by the industry under observation. For a maintenance project, indirect effects would include the demand and employment that is stimulated at firms that provide goods and services to the project, such as suppliers of cleaning materials. Third, there are induced effects that arise when employment increases and household spending patterns are expanded. These induced effects arise because both tribal casinos and their suppliers will pay out wages to their employees associated with the expenditures, and those wages will then be spent back into the local economy

on household items such as food, gas, cars, and housing. These generate additional demand/output and associated wages that will then be spent back into the local economy generating additional secondary effects.

There are several aspects to the overall economic impact. First, there is an effect on value added—the take-home pay of all the people affected will be supplemented by that amount. Second is the employment effect, with some jobs created locally, and others spread throughout the California economy. Third is the output effect, where the difference between value added and output is that the former concentrates on individuals' paychecks, whereas the latter includes the costs of intermediate inputs. National income accounting avoids double counting by excluding the costs of intermediate inputs.

It is also important to note that different expenditures can lead to different multipliers. Similarly, spending within the same sector in different regions can generate different economic impacts. Why do multiplier effects differ across sectors? A sector can have a large multiplier if it induces economic activity in industries whose employees have a high propensity to spend from their take-home pay. Also, if the sector does not import many materials from abroad or from out of state, then its multiplier effect on the local economy will be high. In essence, some of the spending in the local economy may "leak out" into other states and countries.

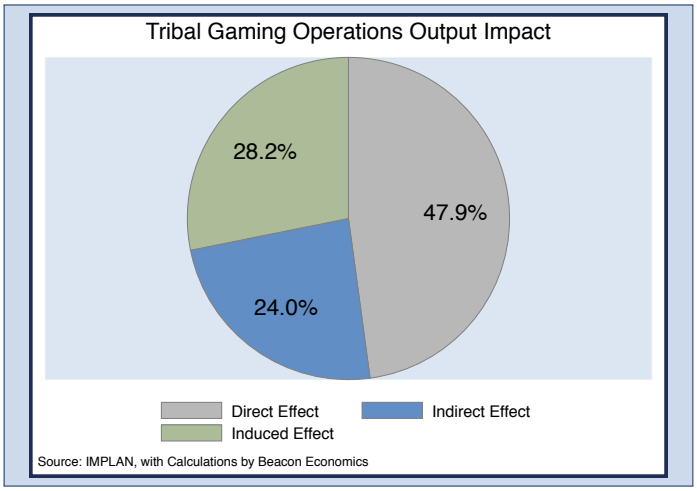
This is why multipliers, even for the same industry, can fluctuate from region to region depending on the local availability of inputs to that production process. If a region needs to have these inputs more heavily imported due to the structure of that region's economy, then a similar investment into this sector would generate smaller overall economic impacts because a larger portion of the investments into the local sector will result in a greater degree of economic activity leaking outside the region. For instance, spending in the Manufacturing sector in Contra Costa County will likely generate a larger total impact than spending in the Manufacturing sector in Alpine County because Contra Costa County has a larger base of businesses providing the raw materials that go into the manufacturing process than Alpine County. Alpine County's economy is primarily focused on agriculture. The same is true if a California business buys inputs from firms in different states.

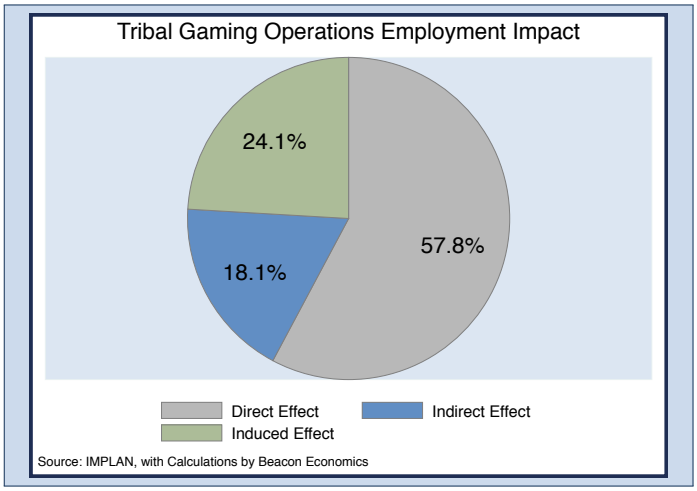
Overall, Beacon Economics' analysis using input-output accounts is based on three important assumptions. First, there are constant returns to scale. This means that a 10% cut in spending will be ten times as severe—across every sector in the economy—as a 1% cut. Second, there are no supply constraints. This means that any marginal increase in output can be produced without having to worry about bottlenecks in labor markets, commodity markets, or necessary imports. This assumption is quite realistic in a free-market economy like California's where there is some unemployment. It is even more realistic in times of high unemployment, as is the current state of the labor market, when there is still a significant portion of under-utilized or un-utilized resources across the state. Third, the flow of commodities between industries is fixed. This means that it is not possible to substitute in the short-run the many different inputs that go into the target industry.

Beacon Economics' analysis covers the primary areas of economic impact that accrue due to expenditures by California's tribal casinos and their larger tribes, including estimating the direct employment, output, and value added effects in California; estimating the indirect effects on all the industries whose outputs are impacted by the expenditures; and estimating the induced effects arising when employment increases and household spending patterns are expanded.

Appendix 2: Additional Charts/Tables

Gaming Operations Charts/Tables





Top Contributors to Gaming Operations Output by Industry ($ Mil.)

Industry	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	3,838.1	1,923.2	2,258.2	8,019.5
Office administrative services	975.4	22.8	5.4	1,003.6
Amusement parks, arcades, and gambling industries	807.1	0.2	22.4	829.7
Food services and drinking places	588.3	52.4	97.5	738.2
Advertising and related services	663.8	45.0	11.1	719.9
Real estate establishments	0.0	148.0	147.0	295.0
Facilities support services	253.6	1.2	0.4	255.1
Investigation and security services	182.4	8.5	4.0	194.9
Electric power generation	114.8	26.6	20.5	161.9
Wholesale trade businesses	0.0	50.8	101.6	152.4

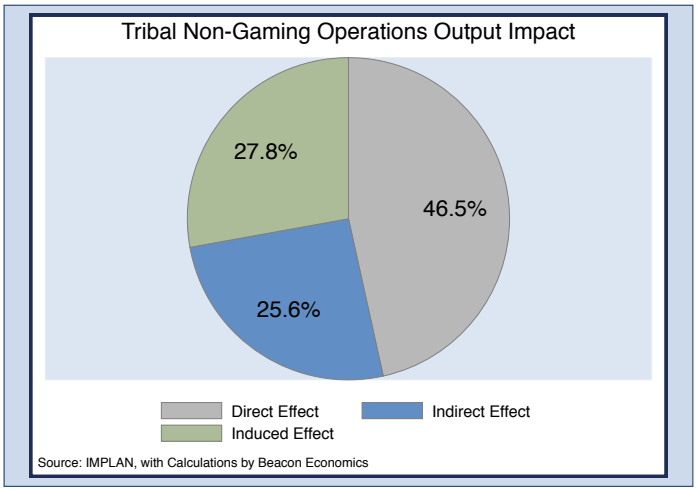
Source: IMPLAN, with calculations by Beacon Economics

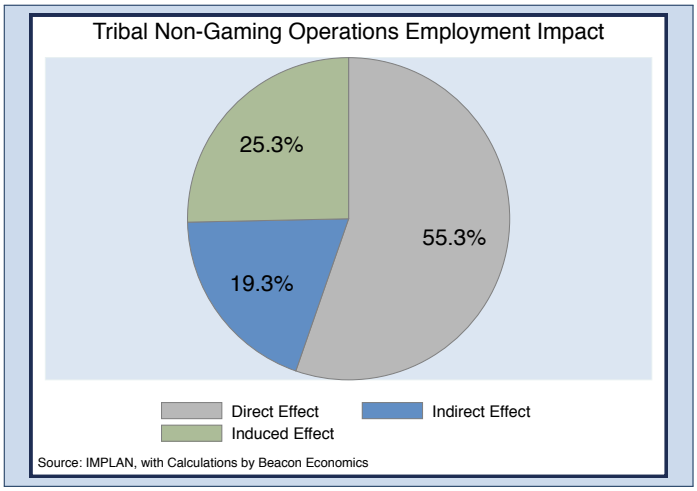
Top Contributors to Gaming Operations Employment by Industry (# of Jobs)

Industry	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	32,420	10,169	13,504	56,093
Food services and drinking places	8,118	747	1,388	10,253
Office administrative services	5,647	132	31	5,810
Amusement parks, arcades, and gambling industries	4,485	1	124	4,610
Advertising and related services	4,121	279	69	4,469
Investigation and security services	3,471	163	76	3,710
Facilities support services	2,494	12	4	2,509
Retail stores—miscellaneous	1,898	11	213	2,122
Performing arts companies	1,527	161	45	1,733
Employment services	0	1,210	310	1,520
Real estate establishments	0	729	724	1,453

Source: IMPLAN, with calculations by Beacon Economics

Non-Gaming Operations Charts/Tables





Top Contributors to Non-Gaming Operations Output by Industry ($ Mil.)

Industry	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	1,050.7	578.4	628.6	2,257.7
Other state and local government enterprises	560.7	20.3	7.3	588.3
Medical and diagnostic labs/outpatient services	147.5	5.7	9.1	162.3
Individual and family services	115.8	0.0	3.0	118.8
Real estate establishments	0.0	54.9	41.1	96.0
Investigation and security services	90.6	2.6	1.1	94.3
Private elementary and secondary education	45.8	0.0	2.2	48.0
Wholesale trade businesses	0.0	18.8	28.4	47.2
Monetary authorities and depository credit intermediation activities	0.0	28.0	17.0	45.0
Waste management and remediation services	29.5	9.8	1.8	41.2
Architectural, engineering, and related services	0.0	38.1	2.5	40.6

Source: IMPLAN, with calculations by Beacon Economics

Top Contributors to Non-Gaming Operations Employment by Industry (# of Jobs)

Industry	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	8,203	2,869	3,757	14,829
Individual and family services	2,378	0	62	2,440
Other state and local government enterprises	1,771	64	23	1,858
Investigation and security services	1,725	49	21	1,794
Private elementary and secondary education	883	0	43	926
Medical and diagnostic labs/outpatient services	724	29	47	799
Food services and drinking places	0	117	387	504
Real estate establishments	0	270	203	473
Community food, housing , and other relief services	382	0	31	413
Employment services	0	301	86	387
Architectural, engineering, and related services	0	234	15	249

Source: IMPLAN, with calculations by Beacon Economics

Social Impact Tables

RSTF Revenue Received from Each Compact Tribe ($ Dollars)

Compact Tribe	Revenue Received in 2012	Revenue Received in 2013	Revenue Received Since Inception
Santa Rosa Indian Community of the Santa Rosa Rancheria	2,544,300	2,544,300	34,668,702
Sycuan Band of the Kumeyaay Nation	2,339,850	2,339,850	31,882,860
Pala Band of Luiseno Mission Indians of the Pala Reservation	2,000,000	2,000,000	31,375,896
Picayune Rancheria of Chukchansi Indians of California	2,313,750	2,205,000	30,100,870
Rincon Band of Luiseno Mission Indians of the Rincon Reservation	2,306,250	2,835,638	25,328,867
San Pasqual Band of Diegueno Mission Indians of California	3,075,000	3,075,000	24,433,367
United Auburn Indian Community of the Auburn Rancheria of California	2,000,000	2,000,000	23,950,312
Shingle Springs Band of Miwok Indians, Shingle Springs Rancheria (Verona Tract)	4,600,000	4,714,776	23,195,971
Yocha Dehe Wintun Nation	2,000,000	2,000,000	22,137,524
Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation	2,000,000	2,000,959	20,695,189
Twenty-Nine Palms Band of Mission Indians of California	1,378,500	1,378,500	18,783,479
San Manuel Band of Mission Indians	2,000,000	2,000,000	18,298,240
Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation	1,315,500	1,315,500	17,925,039
Dry Creek Rancheria of Pomo Indians of California	1,335,000	750,000	17,605,747
Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation	2,000,000	2,000,000	16,327,953
Table Mountain Rancheria of California	1,169,250	1,169,250	15,932,233
Cabazon Band of Mission Indians	1,717,688	1,030,613	14,790,394
Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation	2,000,000	2,000,000	13,506,120
Jackson Rancheria of Me-Wuk Indians of California	1,082,901	1,222,007	11,926,224
Morongo Band of Mission Indians	2,000,000	2,000,000	11,462,104
Soboba Band of Luiseno Indians	865,050	865,050	11,211,656
Tule River Indian Tribe of the Tule River Reservation	714,900	714,900	10,845,774

Source: California Gambling Control Commission

RSTF Revenue Received from Each Compact Tribe ($ Dollars), contd.

Compact Tribe	Revenue Received in 2012	Revenue Received in 2013	Revenue Received Since Inception
Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation	736,350	736,350	10,033,525
Pauma Band of Luiseno Mission Indians of the Pauma and Yuima Reservation	315,000	393,750	6,613,662
Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California	633,205	750,000	4,294,083
Hopland Band of Pomo Indians of the Hopland Rancheria			3,368,043
Ewiiaapaayp Band of Kumeyaay Indians			2,437,433
Mooretown Rancheria of Maidu Indians of California	124,611	135,000	2,304,632
Redding Rancheria	67,500	67,500	1,895,148
Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria	228,308	360,000	1,525,808
Berry Creek Rancheria of Maidu Indians of California	162,000	129,600	1,357,871
Paskenta Band of Nomlaki Indians of California	71,023	126,000	809,523
Augustine Band of Cahuilla Indians	69,241	90,000	721,741
Campo Band of Diegueno Mission Indians of the Campo Indian Reservation	45,000	56,250	624,421
Big Valley Band of Pomo Indians of the Big Valley Rancheria	45,000	45,000	613,171
Blue Lake Rancheria			566,250
Middletown Rancheria			437,500
Alturas Indian Rancheria			375,000
Robinson Rancheria of Pomo Indians of California			337,500
Cahuilla Band of Mission Indians of the Cahuilla Reservation			125,000
Elk Valley Rancheria			62,500
Total	45,255,176	45,050,793	484,887,333
Interest	146,762	115,820	9,252,026
Grand Total	45,401,939	45,166,612	494,139,359

Source: California Gambling Control Commission

About Beacon Economics

Beacon Economics is an independent economic research and consulting firm with offices in Los Angeles and the San Francisco Bay Area. The firm's internationally recognized forecasters were among the first and most accurate predictors of the meltdown in the U.S. mortgage market—and among a relatively small handful of researchers who correctly calculated the depth and breadth of the financial and economic crisis that followed. The firm focuses on providing objective, fact-based economic studies and analytics, long- and short-term economic forecasts, public policy analysis, and balanced counsel to those making financial, business, and economic decisions. Beacon Economics has served as the lead economic advisor to the California State Controller since 2008 and its Founding Partner is Chair of the Controller's Council of Economic Advisors.

Services

- Economic & Revenue Forecasting
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- Public Speaking
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