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Indian Gaming in Minnesota

The Startling Growth of a New Gaming/Entertainment Industry That Sparked Economic Vitality in Every Corner of the State

BY KEVIN QUIGLEY & TOM FOLEY

With the lollapalooza of all American sports events, the NFL Super Bowl, being held in Minnesota for the first time in 25 years, it's a good time to look at the growth in the state's gaming/entertainment industry since the last time the Big Game came to the Bold North. And with one of the major NFL sponsored entertainment events for the Super Bowl festivities, the Club Nomadic concert series featuring headliners like Florida Georgia Line, the Chainsmokers, and Gwen Stefani among others, being hosted by the Shakopee Mdewakanton Sioux Community (SMSC) at the brand new \$90 million hotel and event center addition to their Mystic Lake Casino resort, there is no better place to start looking than at the remarkable growth in gaming/entertainment options sparked by Minnesota's Indian gaming and entertainment establishments.

When the Super Bowl first came to Minnesota in January 1992, Indian gaming under the federal Indian Gaming Regulatory Act was in its infancy. The very first tribal-state compacts permitting blackjack and video games of chance (the only two forms of Class III gaming currently permitted to be conducted by tribes in Minnesota) were just being negotiated. Most Minnesota tribes had yet to construct and open any full-scale gaming establishments, and the small tribal bingo/gaming halls that were open were limited in scope with little in the way of "re-

sort-style" amenities.

Now, just 25 years later, every corner of the entire State of Minnesota has been transformed by job creation, business growth and rural development arising from the development of Indian gaming and entertainment establishments that cater to a wide swarth of Minnesota residents and out-of-state tourists by offering premier gaming, upscale lodging, and top-end dining and entertainment options never available before in areas near tribal lands. There are now 19 tribal casinos owned and operated by the 11 federally-recognized tribes in Minnesota (four Dakota tribes have reservations south and west of Minneapolis/St. Paul, and seven Ojibwe/Chippewa reservations are located northward of the Twin Cities metro area, all the way to the Canadian border about 300 miles to the north). These tribal gaming establishments include four "urban" facilities that lie on the outskirts of Minneapolis/St. Paul within a 7.5-mile radius and 15 other gaming facilities located outside this zone that are considered rural, spread from the Minnesota Valley in the west/south central part of the State to the far Northwest lakes area across north central Minnesota up into the historic Iron Range and Lake Superior region.

Today's tribal casinos in Minnesota look nothing like the meager tribal operations from 1992. Since then Minnesota tribes have invested nearly \$3 billion in their tribal casinos and



related enterprises, both on and off-reservation, and annually purchase over \$480 million in goods and services from vendors in Minnesota. It is estimated that average annual direct employment for combined Indian casinos and related ancillary facilities exceeds 13,300, making Indian gaming the 14th largest employer in Minnesota. Over 75% of these employees are full time and over two-thirds of employees are non-tribal members. Combined Minnesota Indian casinos attract nearly 23 million visitors each year, including more than 2.4 million from outside the state, making these gaming/entertainment centers by far the second largest tourism attraction in Minnesota after the renowned Mall of America in Bloomington near the Minneapolis-St. Paul Airport. At last estimate, Minnesota tribal casinos contribute \$1.8 billion per year to the Minnesota economy. See Minnesota Indian Gaming Association Report: *Economic Impact of Indian Gaming in Minnesota* (August 2016) at page 7.

The size and scope of each tribal casino in Minnesota ranges widely – from relatively modest operations like the White Earth Nation’s new Shooting Star Casino (21,400 sq. ft. gaming floor with 170 video gaming machines) in Bagley (pop. 1,600), located among forest lands near the Lake Itasca headwaters of the Mississippi River in the far northwestern part of the State, to megaresorts like Mystic Lake Casino (125,000 sq. ft. gaming floor with 4,000 machines and 100 blackjack tables) and Treasure Island Resort & Casino (116,000 sq. ft. gaming floor with 2,400 machines and 40 blackjack tables), both of which rank in the top 7% of tribal casinos nationwide in terms of gaming machines count and benefit from their near proximity to the greater Twin Cities metro area. In all, it is estimated that as of the end of 2015 there were approximately 22,000 video gaming machines¹ in operation at

Minnesota tribal casinos, along with nearly 320 blackjack table games, generating total tribal gaming revenues in Minnesota of \$1.5 billion (by comparison, in year 2016, there are about 14,100 slot machines and 850 table games (excluding poker) in New Jersey state casinos generating \$2.4 billion in total casino win, and about 27,000 slot machines and 915 table games (excluding poker) in Mississippi commercial casinos generating \$2.1 billion in adjusted gross gaming revenues). The Minnesota tribal casino market is one of the largest in the United States, with Minnesota ranking seventh highest in total tribal gaming revenues, trailing only California, Oklahoma, Florida, Washington, Arizona, and Connecticut. See Alan Meister, *Casino City’s Indian Gaming Industry Report* (2017 Edition), Newton MA: Casino City Press at pages 27–28, 36 and underlying data.

And it is not just increased gaming options that have bloomed in Minnesota with the advent of Indian gaming. Tribal casinos in Minnesota have added an array of other entertainment choices for their patrons when visiting their gaming facilities: 19 hotels with more than 4,500 rooms combined, dozens of new and unique top-rated restaurants, lounges and pubs, multiple entertainment and concert venues hosting major national headliner acts, ballrooms and conference centers for social and business events and tradeshow, numerous luxury spas, five championship golf courses, eight RV parks, several marinas, a bowling center and two world class waterparks. See Minnesota Indian Gaming Association Report: *Economic Impact of Indian Gaming in Minnesota* (August 2016) at page 5.

But tribal gaming in Minnesota has added even more entertainment options than those directly associated with tribal casinos. When football fans come to attend the Super Bowl, they can choose to stay near the Club Nomadic concert action at the 750+ room Mystic Lake Casino hotel (the third largest in the State) or in one of the more than 340 rooms at the upscale JW Marriott hotel developed and owned by the SMSC that adjoins the Mall of America, the largest shopping center in the country. Or these visitors may be staying downtown on the Saint Paul riverfront overlooking the beautiful bluffs of the Mississippi

Continued on next page



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Artist rendering of Treasure Island Resort & Casino’s new \$86 million hotel expansion, making it the second largest hotel in Minnesota.



Operated by the Fond du Lac Band of Lake Superior Chippewa, Black Bear Casino Resort is located on the rugged North Shore of Lake Superior and offers fine dining and luxurious accommodations.

Canterbury Park racetrack, a horseracing gaming option largely made possible by a joint marketing agreement sponsored by the gaming enterprise of the SMSC (Shakopee Mdewakanton Sioux Community).

Continued from previous page

River in the heart city at the 470 room, 4-star Intercontinental Hotel, a major regional luxury hotel recently purchased and restored by the Mille Lacs Band of Ojibwe (MLBO) as part of their economic diversification efforts. Many will enjoy ice skating on the rooftop of the nearby Minnesota Wild Ice Hockey Center developed by the Prairie Island Indian Community (PIIC) which, along with offering a new craft brewery taproom and other retail outlets, will serve as the practice rink for the NHL team and as a home rink for local high school and college hockey teams. Afterwards they can travel south to explore the historic river towns of Red Wing and Wabasha (both named for famed Dakota Chiefs) in Minnesota's picturesque Hiawatha Valley or go ice fishing on Lake Pepin just like the movie famous "Grumpy Old Men" did before checking into the PIIC's new 300+ room hotel tower (which combined with the original 480 room tower makes PIIC's Treasure Island Resort hotel the second largest in Minnesota), where they can relax in the resort's new 40,000 square-foot waterpark featuring a 320-foot-long lazy river with rapids, a waterfall, two 276-foot-long body slides, an 80-foot-long zero-depth plunge pool, an adult-only pool, two hot tubs and a swim-up bar.

When these visitors are lured by these abundant entertainment amenities to return to Minnesota in the warmer months they will have the option of betting on the ponies at the Canterbury Park racetrack, a horseracing gaming option largely made possible by a joint marketing agreement sponsored by the gaming enterprise of the SMSC (and which also has been credited with sustaining the horse breeding related industries so important to the economic health of rural communities in Minnesota). Or they may visit the impressive Tribal Nations Plaza outside the University of Minnesota's new football stadium, also sponsored by the SMSC, which explores the history and culture of each Indian tribe in Minnesota. They may give Minnesota's world-famous walleye fishing on Lake Mille Lacs a try while staying at Eddy's Resort, an iconic sportsmen lodge restored by the MLBO. A little farther north, visitors can road trip on Bob Dylan's famous Highway 61 along

the rugged North Shore of Lake Superior, stopping in Duluth, the largest fresh water port in the world, to enjoy the fine dining and luxury accommodations offered at the Black Bear Casino Resort operated by the

Fond du Lac Band of Lake Superior Chippewa. For the more adventurous wanting to hike and canoe in the 1,000,000+ acres of the legendary Boundary Waters Canoe Area Wilderness abutting the Canadian border, one of the largest pristine wilderness areas in the continental United States, their base camp may be the scenic Lake Vermillion Resort Casino run by the Bois Forte Band of Chippewa.

In every corner of the State, Minnesotans and tourists now have a basketful of exciting new gaming, lodging, dining, recreational and entertainment amenities that did not exist before the arrival of Indian gaming. The business and job growth sparked by tribal gaming in Minnesota has benefited each region of the State. When the Super Bowl next returns to the *North Star* state we expect that the basket of gaming/entertainment options available to football fans and other visitors arising from Indian gaming to be even more bountiful. ❁

Frequent speakers and writers on Indian gaming business matters, both Kevin Quigley and Tom Foley, members of Foley & Quigley PLC, are elected members of the International Masters of Gaming Law, and have also been recognized as "Gaming's Legal Eagles" in Casino Enterprise Management's Guide to the World's Pre-eminent Gaming Attorneys. Each has been selected for The Best Lawyers in America in the areas of Gaming Law and Native American Law for years. Their practice is concentrated on Indian gaming law matters involving the development, financing, management and regulation of Indian gaming operations conducted in the United States under the authority of IGRA, and applicable state and tribal law. With extensive experience with IGRA related regulations and case law decisions, they advise a wide variety of gaming equipment vendors, developers, financial institutions and others regarding IGRA related issues. They can be reached at kevinquigley@foleyquigleylaw.com and tomfoley@foleyquigleylaw.com

¹ The White Earth Nation also licenses the operation of scores of Class II electronic bingo machines throughout Mahanomen County at more than a dozen commercial locations within its reservation boundaries.