

# Indian Gaming Supplies Stabilized Growth to Gaming Industry

By Alan P. Meister, Ph.D.



In calendar year 2014, Indian gaming on a nationwide basis experienced modest growth of 1.9%. This was the fifth straight year of growth, leading to an all-time high of \$28.9 billion in gaming revenue. Notably, growth in 2014 was stronger than that in 2013, which was 0.6%. In fact, it was more than three times stronger.

This performance paralleled the improvement of U.S. and state economies. U.S. gross domestic product (GDP) and per capita disposable personal income increased in 2014 (2.2% and 3.4%, respectively). Moreover, they grew at a faster pace than in 2013 (1.3% and -0.8%, respectively).

Also, state level GDP and per capita disposable personal income increased in most states in 2014 (GDP grew in 47 states and per capita disposable personal income grew in all 50 states), and largely did so at a faster pace than in 2013 (faster growth of GDP in 40 states and per capita disposable personal income in all 50 states).

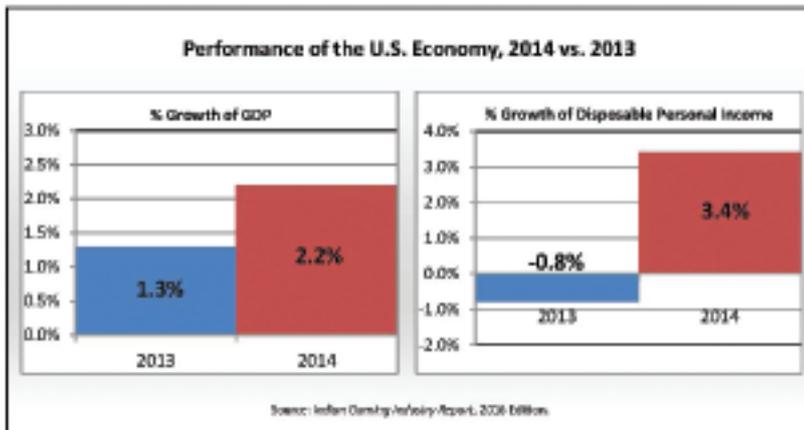
Not all gaming segments shared the same success as Indian gaming in 2014. In addition, other gaming segments showed much greater volatility of gaming revenue from 2013 to 2014.

|                           |                |
|---------------------------|----------------|
| Number of Tribes          | 243            |
| Number of Facilities      | 489            |
| Number of States          | 28             |
| Number of Gaming Machines | 351,719        |
| Number of Tables Games    | 7,786          |
| Gaming Revenue            | \$28.9 Billion |
| Non-Gaming Revenue        | \$3.8 Billion  |

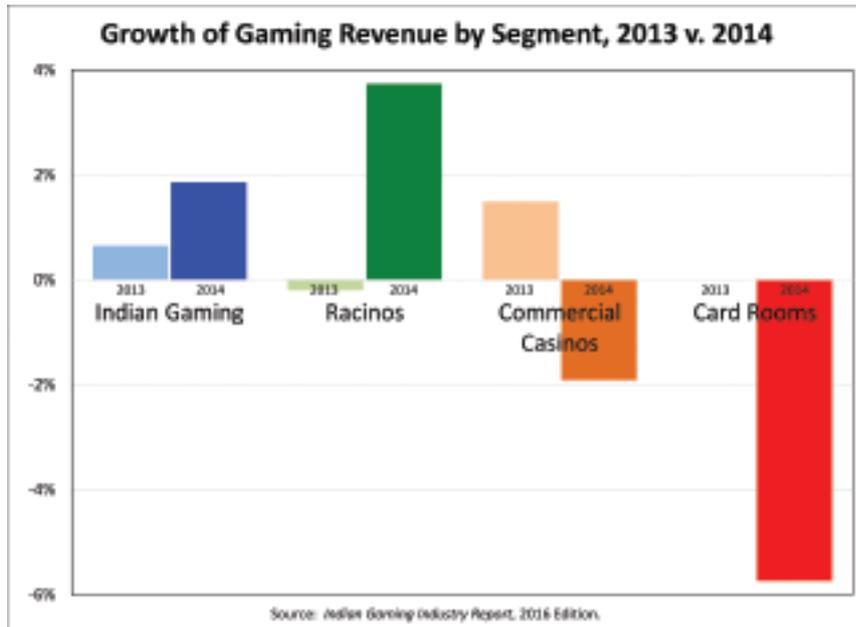
Source: Indian Gaming Industry Report, 2016 Edition.

| States with                     | Gross State Product | Disposable Personal Income |
|---------------------------------|---------------------|----------------------------|
| Growth in 2014                  | 47                  | 50                         |
| Decline in 2014                 | 3                   | 0                          |
| All                             | 50                  | 50                         |
| Faster Growth in 2014 than 2013 | 40                  | 50                         |
| Slower Growth in 2014 than 2013 | 10                  | 0                          |
| All                             | 50                  | 50                         |

Source: Indian Gaming Industry Report, 2016 Edition.



Like Indian gaming, the racetrack casino (“racino”) segment grew at a faster pace in 2014 than 2013. However, its 2014 growth was a stark change from 2013 decline. The racino segment grew approximately 4% in 2014 after declining 0.2% in 2013. Meanwhile, the commercial casino and card room segments both grew at slower rates in 2014 than 2013, in fact, both declining. However, these declines came on the heels of growth in each segment in 2013. The commercial casino segment declined approximately 2% in 2014 after growing 1.5% in 2013. The card room segment declined about 6% after nearly no change in 2013 (0.004% growth).



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**“ In large part, Indian gaming’s more stable growth from 2013 to 2014 (and over time generally) has been the result of less competition in many markets with Indian gaming. That is not to say that Indian gaming facilities do not face competition. But given Indian gaming facilities must be located on tribal lands, they are typically a greater distance from their closest competitors than are non-tribal gaming operations within commercial casino and racino jurisdictions. ”**

In large part, Indian gaming’s more stable growth from 2013 to 2014 (and over time generally) has been the result of less competition in many markets with Indian gaming. That is not to say that Indian gaming facilities do not face competition. But given Indian gaming facilities must be located on tribal lands, they are typically a greater distance from their closest competitors than are non-tribal gaming operations within commercial casino and racino jurisdictions. There is also generally less intrastate, cross-segment competition for Indian gaming (i.e., there are a number of states in which only Indian gaming facilities operate). Meanwhile, there have been significant gaming expansions within the commercial casino and racino segments. For instance, in 2013, some of the gain of the commercial casino seg-

ment came at the expense of the racino segment as new commercial casinos opened in Maryland (1), Ohio (1), Pennsylvania (1), and Louisiana (1); new commercial casinos completed their first full year of operations in Ohio (3), Pennsylvania (1), Maryland (1), Kansas (1), Maine (1), and Louisiana (1); and table games were introduced in Maryland. On the other hand, in 2014, the commercial casino segment saw casinos closed in New Jersey (4) and Mississippi (2); new casinos opened in Iowa (1), Maryland (1), and Louisiana (1); and new casinos completed their first full year of operations in Maryland (1), Ohio (1), Pennsylvania (1), and Louisiana (1). Meanwhile, in 2014 the racino segment saw new racinos opened in Ohio (3) and Florida (1); casinos completed their first full year of operations in Ohio (2); and table games completed their first full year of operations in Rhode Island.

For more details on the growth of Indian gaming, see Dr. Meister’s article “The Economic Evolution of Indian Gaming: Results from the New Edition of the *Indian Gaming Industry Report*” in the Spring 2016 Edition of *Indian Gaming Lawyer*. ♣

**AUTHOR’S NOTE:**

This article focuses on gaming industry segments at the national level. However, actual gaming markets are not necessarily defined at this level or by political boundaries, nor are they restricted to intra-segment competition. Data contained in this article come from the 2016 Edition of the *Indian Gaming Industry Report*. The report also contains data by gaming segment at the state level. For more information on the report, visit: [www.indiagamingreport.com](http://www.indiagamingreport.com).