

GAMING MEANS (SMALL) BUSINESS:

HOW CASINOS BOOST LOCAL ECONOMIES

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EXECUTIVE SUMMARY

Casino gaming serves as an invaluable partner to small businesses in 40 states. The industry drives job creation, boosts revenues and forges business relationships in local communities. These benefits extend across a range of industries and include direct and indirect impacts in the following areas: manufacturing; science, technology, engineering and math (STEM); education; construction; health care; transportation; finance; waste management services; utilities; arts and entertainment; and food services.



CREATING JOBS

Casinos support approximately **350,000 small business jobs** nationwide. They require a range of vendors that benefit from an increased demand for their products and services, and thus require more workers to fulfill more orders. A casino-driven increase in visitors to a particular area also helps surrounding businesses, such as restaurants and bars, attract more customers and require higher staffing levels.



GROWING SMALL BUSINESS

Without casinos, American small businesses would lose out on **\$52 billion in revenues**, which includes direct and indirect economic activity. Directly, casinos make more than **\$3 billion worth of purchases** from small businesses each year. Many casinos also dedicate a portion of revenues to grants for women and minority-owned businesses.



GENERATING TAX REVENUE

The total economic activity between casinos and small businesses in the U.S. generates nearly **\$7 billion in federal, state and local taxes each year**. That's in addition to the nearly \$9 billion in taxes generated by commercial casinos in 2016 that pertained solely to gaming activity. These tax revenues go toward vital public services, such as infrastructure, education and public safety and other important programs.



SUPPORTING LOCAL WORKERS

Casinos either directly or indirectly support **\$13 billion worth of income** for small business employees nationwide, including wages, tips, benefits and salaries.

FACTS & FIGURES

TOP U.S. SMALL BUSINESS INDUSTRIES SUPPORTED BY CASINOS

Small Business Industry	Small Business Jobs Supported	Small Business Revenue Supported
Accommodation and Food Services	26,800	\$1.8 billion
Arts, Entertainment, and Recreation	11,800	\$0.9 billion
Construction	108,400	\$13.4 billion
Educational Services	9,100	\$0.7 billion
Finance and Insurance	9,700	\$2.2 billion
Health Care and Social Assistance	45,500	\$4.7 billion
Information	2,600	\$1.3 billion
Manufacturing	13,800	\$7.0 billion
Mining	2,500	\$1.0 billion
Real Estate and Rental and Leasing	16,300	\$6.7 billion
Retail Trade	35,500	\$3.1 billion
STEM-Related	11,400	\$1.7 billion
Transportation and Warehousing	5,400	\$0.9 billion
Waste Management Services	5,600	\$0.4 billion
Wholesale Trade	11,300	\$2.8 billion
TOTAL	350,000	\$51.7 BILLION

TOTAL PRIVATE GAMING-RELATED NON-FARM EMPLOYMENT CONTRIBUTION (ACROSS BUSINESSES OF ALL SIZES)



Source: Spectrum Gaming Group, EPPR and PI+

KEY TAKEAWAYS

Casinos are fueling increased economic growth in cities and communities. More than ever before, gaming companies are choosing to source their products locally, empowering small businesses to create jobs and increase production capacity and output.

As gaming companies do business across America, they're taking the crucial step of integrating into the communities they serve. This means working with local restaurants, theaters, community centers and other venues to complement the products and services they offer.



Gaming fuels increased regional economic activity, which empowers small businesses to create more jobs, and drives casinos to spend more at small businesses.



Taxes paid by gaming operators allow local communities to establish valuable infrastructure projects like roads, parks, schools and hospitals.



The introduction of gaming into a market generates increased economic activity, and puts upward pressure on wages and salaries.



Gaming supports some of the highest levels of employment and job creation among the construction, health care and entertainment industries.

CASE STUDIES

NEW ORLEANS, LOUISIANA

Lessons in Community Involvement

Harrah's New Orleans exemplifies how gaming boosts small businesses in hundreds of communities across the country. It also illustrates how government-mandated restrictions on a casino property's non-gaming operations can prove unsustainable.

The 1992 legislation allowing for a single land-based casino in New Orleans prohibited the operator from building a hotel or any full-service restaurant options. These limitations were put in place to address concerns from New Orleans' existing hospitality industry, which wanted assurances the casino would complement instead of compete with their existing businesses in the French Quarter section of the city.

After years of struggling to attract sufficient visitation, the hotel and restaurant restrictions were removed. Harrah's opened a 26-story, 450-room hotel in 2006, and the property and the surrounding community have not looked back. As the *New Orleans Times-Picayune* noted in 2009:

In 10 years, Harrah's has invested \$1 billion in capital improvements, including the development of Fulton Street and the Harrah's Hotel. The casino and hotel have paid \$885 million in wages and employee benefits in the decade...It has also become a significant marketing tool for the hospitality industry.

"They've been good neighbors," said Jerry Amato, proprietor of Mother's Restaurant on Poydras Street within walking distance to the casino. "I thought it wouldn't be good for business. But it's been an anchor down on this end."

Additionally, Caesars, which owns the Harrah's property, has partnered with Boombox Recording, a minority-woman-owned business, to help it achieve certification as a DBE (disadvantaged business enterprise) vendor with the city of New Orleans. As part of the relationship, Boombox provides weekly entertainment at Harrah's Masquerade nightclub.



CASE STUDIES

TULSA, OKLAHOMA



Generating Local Revenues

Tulsa, Oklahoma, is home to 44,000 small businesses and three Native American Casinos:

Hard Rock Hotel & Casino, Osage Casino, and River Spirit Casino. According to a recent economic impact study, Native American gaming is a significant force in Oklahoma's economy.

- Casinos and related facilities generate \$6.9 billion in economic impact to the state annually.
- The gaming industry in Oklahoma supports more than 23,000 permanent jobs.
- In 2014, tribal gaming and ancillary facilities spent \$1.2 billion on goods and services from outside businesses, of which \$582 million was spent within the state.

Tulsa-based Casino Cash Trac (CCT), an accounting software firm, exemplifies the symbiotic relationship between gaming and small businesses in Oklahoma. CCT's first marquee client was the Cherokee Nation's Hard Rock Casino. That business relationship eventually allowed the firm to scale, and now it works with 100 gaming properties across 10 states. Recently the Muscogee (Creek) Nation hired CCT to provide software tools and business intelligence for its 12 casino properties across the state. This type of dynamic growth led Inc. Magazine to recognize CCT in 2016 on its 'Inc. 5000' list of the nation's fastest-growing private companies.

"Gaming has allowed tribes to pursue other economic development activities, diversify into other areas of business and make investments in their communities. These activities fuel job creation and more spending in state and local economies."

– Mark Fulton, COO, Cherokee Nation Entertainment

In November, the Osage Nation held a groundbreaking for a project that will upgrade its Tulsa casino and feature a hotel, event center, sports bar and grill, and a brew pub. Mike Neal, president and CEO of the Tulsa Regional Chamber of Commerce, estimates the development will generate \$4.1 million annually in local sales and property taxes. He notes that the city's casino boom helped to expand jobs and entertainment opportunities in the Tulsa area and attract tourists from outside Oklahoma.

Tulsa businesses, such as restaurants and retail shops, have benefitted greatly from the extra visitor traffic.

"Casinos offer just what a lot of out-of-town meeting planners are looking for. They have nice rooms, good food and a lot of other attractions. At the Hard Rock, for instance, you can eat, listen to music, play golf or go out on the casino floor. These establishments are helping bring in a lot of business."

– Former Tulsa Mayor Dewey Bartlett

CASE STUDIES

ANNE ARUNDEL, MARYLAND



Fostering Cooperation

Some states' gaming policies specifically seek to foster cooperation between casinos and small businesses. Maryland is a good example of one such state, and although casinos have only been operating there since 2010, all indications suggest small businesses and the gaming industry have a mutually beneficial relationship.

Maryland Live! Casino, located about 30 miles outside of Washington, D.C., frequently increases awareness about opportunities for small, minority- and women-owned businesses to provide goods and services to their property. The company hosts a semi-annual Minority Outreach Fair, and those who attend are given the opportunity to meet with area businesses, including other Maryland casinos, construction companies, government agencies, public utilities and suppliers.

Maryland proactively ensures that a broad range of businesses share in the economic benefits of gaming. The state directs 1.5 percent of all casinos' slot proceeds go to the Maryland Casino Business Investment Fund (MCBIF), which provides access to capital for minority- and women-owned (MWBE) businesses and veteran-owned businesses.

Fifty percent of the funds must be distributed to businesses located in the areas that immediately surround the state's six designated casinos.

Just a few years into the program, it appears to be having its intended effect. The loans have provided the seed money for the opening of dozens of new businesses and the creation of thousands of jobs across the state. Stephen Primosch, an administrator of the MCBIF, estimates that in Anne Arundel County alone, the program has brought about the following impacts since it began in 2008: \$11 million in loans nearly 300 new jobs and \$25 million in new investment.

Loan recipients include small-scale manufacturers and include nearly everything in between – from restaurants to coffee and ice cream shops, steel manufacturers to wire-and-plastic-bottle suppliers, and information-technology firms to retail stores.

Casino funding goes to small-business loans

A granola company, a cafe and a contracting firm owned by a disabled veteran are the first three recipients of \$700,000 in loans from a new Baltimore County program for small minority- and women-owned businesses.

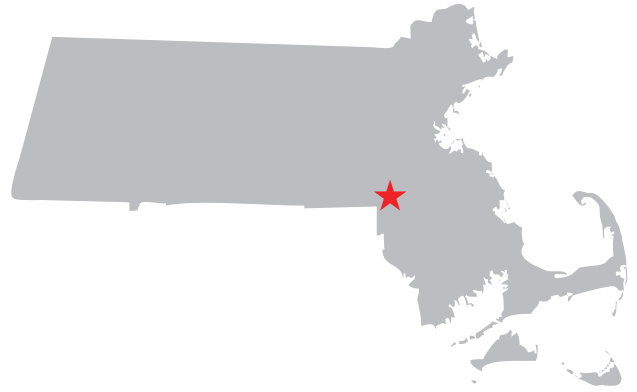
The Baltimore Sun - October 16, 2014

“The bottom line is that [the MCBIF has] created jobs and capital investment throughout the state. And that’s a good thing.”

– Jeffrey Pillas, vice-president and CEO, City of Baltimore Development Corp.

CASE STUDIES

PLAINVILLE, MASSACHUSETTS



Promoting Small Businesses

When Massachusetts became the 24th state to offer commercial casino gaming in 2015, gaming operators worked together to ensure the interests of the small business community would be represented.

Since then, Plainridge Park Casino reinvested millions of dollars back into the region's economy through its purchases of goods and services from local businesses. Within just the first two months of Plainridge's opening, the property spent \$2.4 million with outside companies, including \$1.5 million on purchases from companies located in Massachusetts.

"[Plainridge Park] helps keep smaller companies open."

– Suzanne Charette, Mansfield Paper Company

Plainridge Park's parent company, Penn National Gaming, has made good on its ongoing commitment to engage businesses through its Supplier Diversity Program.

The program is a unique opportunity to even the playing field for small or minority-owned businesses — which are often disadvantaged in procurement processes with non-gaming companies — and enables them to participate in a more equitable procurement process.



In Everett, the site of Wynn Resorts' \$2.1 billion resort casino currently under construction, developers pledged to award a minimum of 10 percent of all business contracts to minority-owned businesses.

In conjunction with the North Shore Latino Business Association, Wynn helped facilitate job placement workshops for minority-owned companies. Wynn project manager Jennie Peterson noted the project's goal is "to empower a diverse set of businesses and a diverse group of people."

CASE STUDIES

COUNCIL BLUFFS, IOWA



Reinvesting In Communities

In 2015, the 19 commercial casinos in Iowa spent \$289.4 million, or 84 percent of all their expenditures, on products, supplies and services from Iowa-based companies.

The strong relationship between casinos and these local businesses is largely attributable to the *Buy Iowa First* program, which enables Iowa-based vendors to bid competitively with out-of-state businesses for contracts.

Buy Iowa First also extends to the state's agricultural products, and commodities and includes the livestock, poultry and dairy industries. In 2015, the program contributed more than \$1 billion in economic impact for Iowa.

"[The gaming industry] had an economic ripple effect throughout the community wherein vendors of the casinos bought goods and services from other businesses and all those businesses pay sales tax and income tax. All that in summation has just been a great economic boon for Council Bluffs and the State of Iowa."

- Matt Walsh, mayor, Council Bluffs

Council Bluffs' three casinos have invested \$37.3 million through *Buy Iowa First* and collectively employed 1,770 workers with an annual payroll

of \$59.3 million. The city receives approximately \$3 million from gaming tax revenues, which the city's mayor says will be earmarked for items such as equipment and city vehicles, which are purchased locally.



"This year, we'll probably top over \$1.3 million raised for the Charitable Patient Care Fund at Jennie Edmundson Hospital. Those are dollars that wouldn't be possible without the support of the casinos monetarily, but especially by bringing their time, talent, and leadership to our community. So it's truly a pleasure to work with the casinos and gaming here in Iowa."

- Tara Slevin, board member, Iowa West Foundation

GET TO KNOW GAMING SPOTLIGHTS

ST. LOUIS

“The relationships our businesses form with gaming companies are unique. I’m seeing some best practices in the way that you source to and from minority-owned and diverse businesses.”



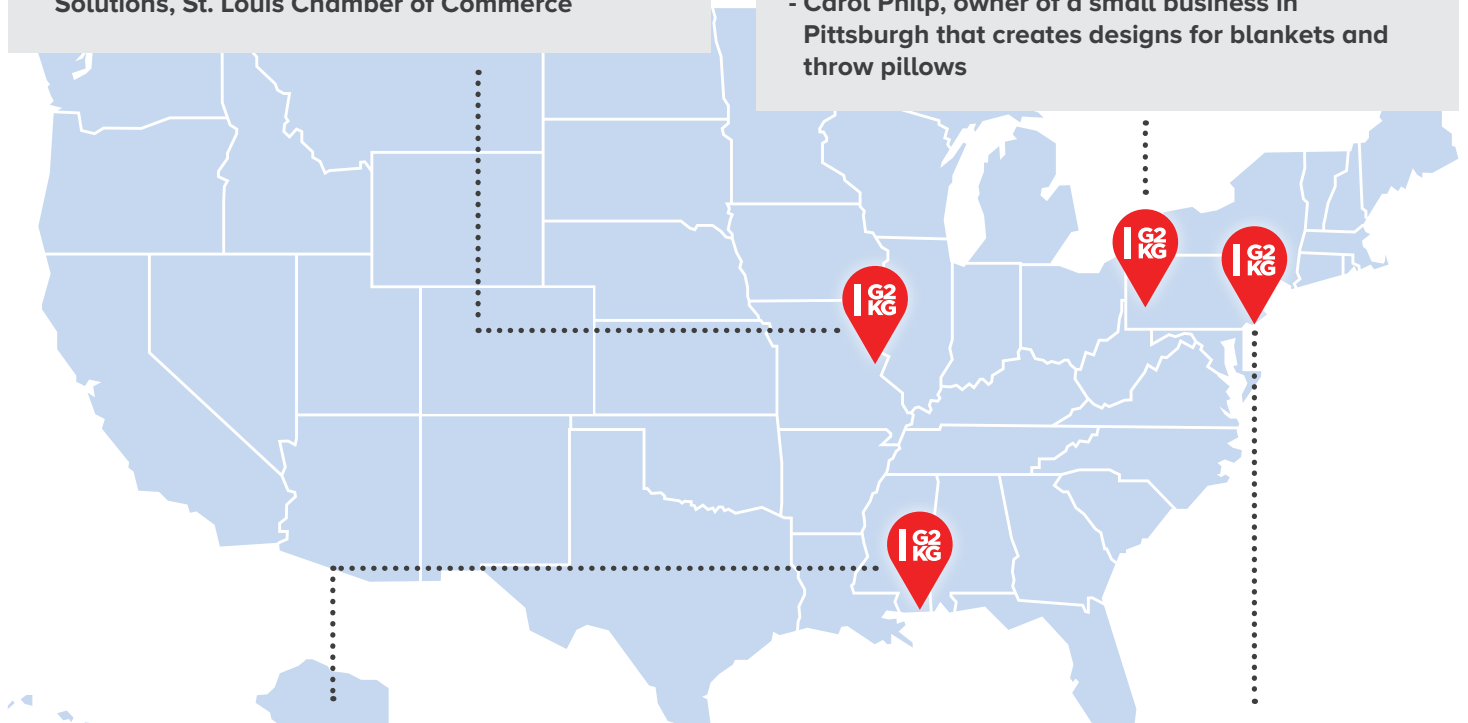
- **Ed Bryant, vice president, Diverse Business Solutions, St. Louis Chamber of Commerce**

PITTSBURGH

“I started in my basement and have been in business for 20 years. Working with Rivers is where magic comes from for small businesses. Rivers helped us grow and create new partnerships and American made products.”



- **Carol Philp, owner of a small business in Pittsburgh that creates designs for blankets and throw pillows**



BILOXI

“Gaming is a consistent economic driver for people in a region that has endured natural disaster. The progress and influence we continue to realize as ‘One Coast’ is due in large part to the deep commitment of our Gulf Coast casinos to promoting opportunity and collaboration.”



- **Ashley Edwards, president, Gulf Coast Business Council**

PHILADELPHIA

“We’re charged at the Bureau with bringing in conventions and meetings, but also the overseas visitors...[Gaming] offers yet another product to enhance the visitor experience. The more that we can enhance the experience that they have while they’re here causes them to stay longer, which obviously creates more taxes and jobs.”



- **Julie Coker Graham, President and CEO, Philadelphia Convention and Visitors Bureau**

METHODOLOGY

In October 2016, the **American Gaming Association (AGA)** commissioned **Spectrum Gaming Group** to conduct an objective analysis of casinos' impact on small businesses. This booklet is a summary of the report, *The Gaming Industry's Impact on Small Business Development in the United States*, that was released in February 2017. That report outlines in detail casinos' impacts on both a national level as well as in several communities with gaming across the country.

Spectrum employed noted academics and economists from the University of Massachusetts, Lasell University, New York University, Rutgers University and Stockton University. Spectrum also partnered with Regional Economic Models Inc. (REMI) of Amherst, which provides economic modeling software to help develop its quantitative outputs.

ABOUT AMERICAN GAMING ASSOCIATION

The American Gaming Association is the premier national trade group representing the \$240 billion U.S. casino industry, which supports 1.7 million jobs in 40 states. AGA members include commercial and tribal casino operators, suppliers and other entities affiliated with the gaming industry. It is the mission of the AGA to be the single most effective champion of the industry, relentlessly protecting against harmful and often misinformed public policies, and paving a path for growth, innovation and reinvestment.



Gaming is more than just a source of entertainment for millions of people. It is an economic powerhouse that improves communities and strengthens lives.

Get to Know Gaming (G2KG) is a multi-year, integrated public affairs campaign led by the American Gaming Association that is rooted in authoritative research and promotes the value of gaming nationwide.

The AGA has helped educate communities about gaming's role as a community partner, holding events in gaming communities across the country, including in Ohio, Nevada, Iowa, Colorado, Pennsylvania and Michigan.



For more information visit GetToKnowGaming.org
799 9th Street, NW | Suite 700 | Washington D.C. 20001

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