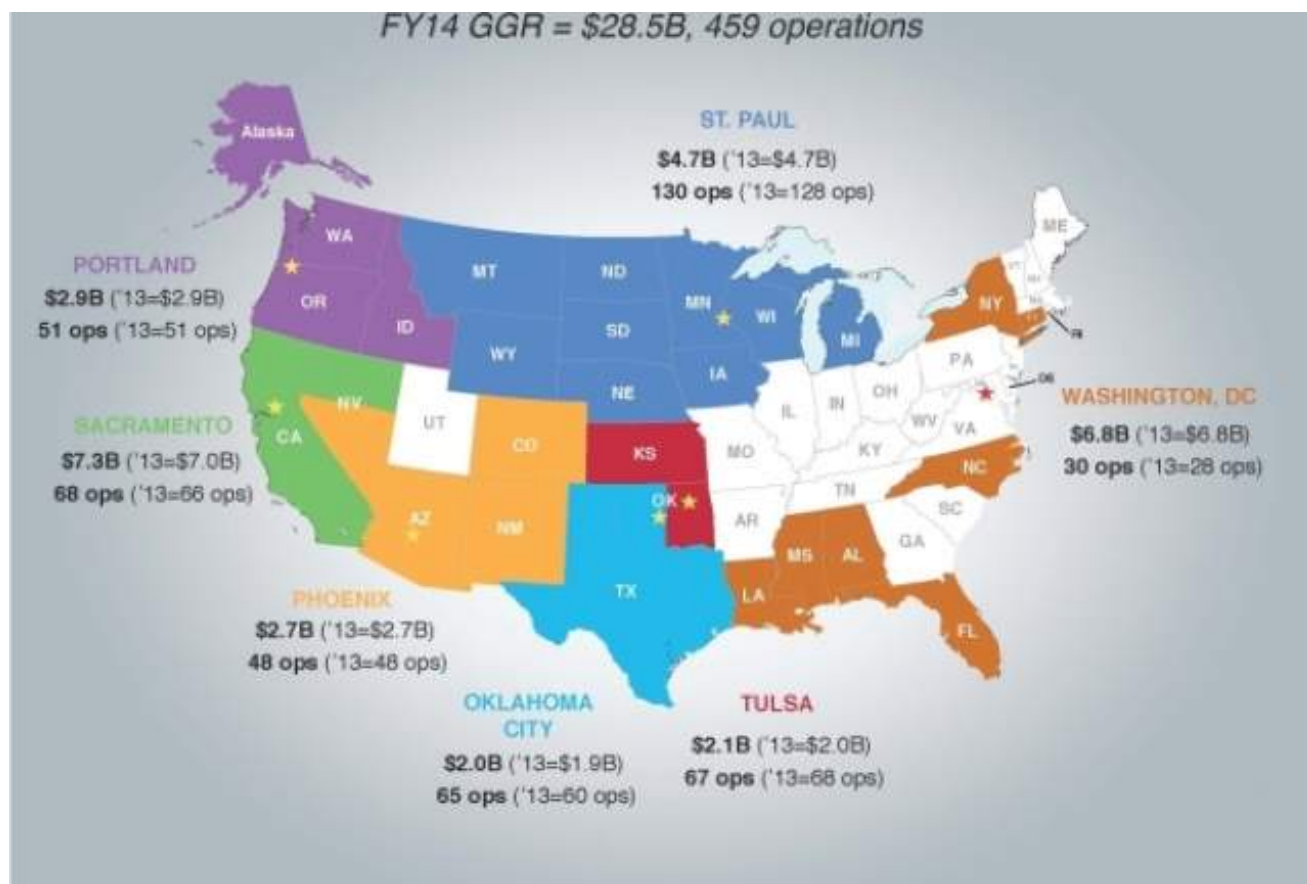


Tribal casinos up for fifth straight year, officials say

By Howard Stutz Las Vegas Review-Journal

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The U.S. Indian casino market recorded its fifth consecutive annual gaming revenue increase in fiscal year 2014, collecting more than \$28.5 billion, according to figures released this week by the Washington, D.C.-based National Indian Gaming Commission.

"Overall, the Indian gaming industry remains stable," commission Chairman Jonodev Chaundhuri said of the 1.5 percent increase over fiscal 2013.

The commission breaks out the revenue by seven regions, not individual states. For example, the Sacramento Region includes California's 68 tribal casinos and Northern Nevada, where there are just two Indian gaming sites with about 100 slot machines. The Sacramento Region casino accounted for \$7.3 billion in gaming revenue, a 4.4 percent increase over 2013 and more than one-fourth of the nation's entire Indian gaming total.

The Oklahoma City region, which includes Texas and the western half of Oklahoma — covering 65 casinos — had the highest fiscal year-over-year percentage increase of 7.5 percent. The Tulsa region, which includes the rest of Oklahoma and Kansas, grew 1.8 percent.

Union Gaming Group analyst Christopher Jones told investors said Oklahoma's Indian casinos "comprise the majority" of the two regions and is considered a gaming market of just under \$4 billion. Jones considers California to be a \$7 billion gaming market.

Kristi Jackson, CEO of Tribal Financial Advisors, a firm specializing in arranging lending to Indian gaming operations, said the revenue increase was a positive sign for the industry. However, lenders look at individual markets, and not so much the national numbers.

"We're hearing that expansion activities are underway in some markets, but not so much adding gaming supply," Jackson said. "We're seeing tribal casinos adding more hotel rooms or adding a hotel facility."

The commission said 10 new tribal casinos were added in the 2014 fiscal year, which includes the Graton Resort in Northern California, which is operated by Station Casinos on behalf of the Federated Indians of Graton Rancheria.

The only new casino under construction in California is the \$390 million Hollywood Casino Jamul near San Diego, which is being built and will be operated by Penn National Gaming on behalf of the Jamul Indian Village. The casino, which will not have a hotel, is expected to open in 2016.

In written testimony this week before the U.S. Senate Committee of Indian Gaming Affairs, National Indian Gaming Association Chairman Ernest Stevens Jr. said tribes are working to increase nongaming revenue. Stevens said the nongaming spending by customers accounted for just under 12 percent of the overall revenue produced by Indian casinos nationwide.

"Without question, Indian gaming is the most successful economic development tool for many Indian tribes," Stevens said.

The commission said that 68 percent of all tribal gaming operations experienced "moderate growth" in fiscal 2014, with 88 casinos reporting less than \$3 million in annual revenue. Some 76 casinos reported between \$3 million and \$10 million in total revenue and 96 casinos reported revenue of between \$10 million and \$25 million.

Chaudhuri said Indian gaming revenue is driven by the demographics of each area.

"Many tribal gaming operations are in rural parts of the country where jobs are greatly needed for both natives and nonnatives alike," Chaudhuri said.

In testimony last year before the U.S. Senate Committee of Indian Affairs, Kevin Washburn, assistant secretary for Indian Affairs for the U.S. Department of Interior, expressed concern that a leveling off of tribal gaming revenue would negatively affect government services on tribal lands, which are considered sovereign nations. Gaming revenue from Indian casinos is designated by law to benefit the tribes and their members.

Washburn said gaming was an important piece of the puzzle for the economy of Indian reservations.

"I shudder to think what Indian country would look like without the revenue that comes in from Indian gaming," Washburn said.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871. Find [@howardstutz](https://twitter.com/howardstutz) on Twitter.

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