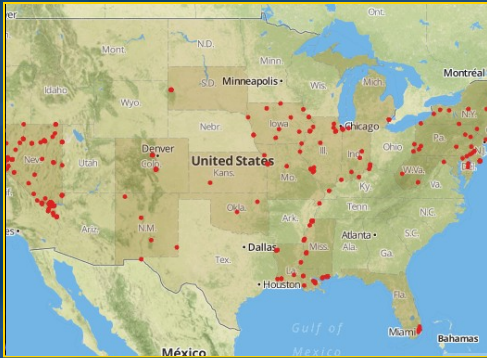




Impacts of the Commercial Gaming Industry in Mississippi



November 2014



Overview

- To quantify the statewide impacts of the commercial gaming industry for the American Gaming Association, Oxford Economics analyzed industry information from a variety of sources and prepared a comprehensive measure of industry significance.
- As part of this analysis, Oxford Economics:
 - conducted a survey of national casino operators, gathered information from secondary sources including gaming-sector employment, revenues, and expense benchmarks from Federal, state, and private data sources; and,
 - calculated direct, indirect, and induced economic impacts of commercial casinos on a statewide basis in 2013.
- This document presents key elements of the research and findings of the statewide analysis.

Methods

- Statewide impact analysis includes:
 - Commercial casinos
 - legalized internet gaming conducted by commercial casino operators and reported in state regulatory filings.
- Analysis excludes:
 - Pari-mutuel gaming (e.g. horse racing)
 - Slots and video lottery terminals in bars and other non-casino locations
 - Native American casinos
 - Card rooms
 - Gaming manufacturer revenues & employment impacts

Types of Gaming Covered

- Oxford Economics includes legalized internet gaming conducted by commercial casino operators and reported in state regulatory filings. For 2013, this includes Mississippi, New Jersey and Nevada.
- Oxford Economics excludes pari-mutuel gaming (e.g. horse racing), cruise ship casinos, slots and video lottery terminals in bars and other non-casino locations, and lotteries.

Estimating Direct Impacts

- **Industry impacts** include:
 - Commercial casino revenues
- **Ancillary spending impacts** include:
 - Spending by casino patrons at leased third-party operations inside the casino
 - Off-site spending by casino patrons during their trip to the casino
- Metrics of industry impact and off-site spending impact include:
 - Spending/revenues
 - Jobs
 - Labor income

Estimating Casino Revenue

- For the purpose of this analysis, total casino revenue is defined as revenue net of promotional allowances. It represents the amount spent by consumers at casinos, and is therefore equivalent to economic output.
- Oxford Economics estimated total casino revenue at the state level by integrating several sets of available information. These include:
 - Gaming revenue of commercial casinos consistent with state regulatory reporting, as gathered by the American Gaming Association for publication in the State of the States research, plus state reporting on gaming revenue at card clubs
 - Survey responses reporting gaming and non-gaming revenue at the property level as gathered directly by Oxford Economics from national casino operators
 - Data from Casino City on the number of slot machine and table game positions at casinos in each state
 - State regulatory reporting on non-gaming revenue in selected states

Estimating Casino Employment & Labor Income

- Oxford Economics estimated casino employment and labor income at the state level by incorporating several additional sets of information. These include:
 - Bureau of Labor Statistics estimates of employment and annual wages in two industries (NAICS 71321 casinos except casinos hotels, and 72112 casino hotels) based on the Quarterly Census of Employment and Wages
 - Survey responses reporting on payroll costs and employment at the property level as gathered directly by Oxford Economics from national casino operators
 - State regulatory reporting on casino operating expenses and profit margins in selected states

Ancillary Spending

- Ancillary spending includes purchases by casino patrons at retailers and businesses outside the casino and at businesses inside the casino owned by third-party operators.
- Existing research by the AGA indicates that the majority of casino patrons spend time outside the casino and spend money at restaurants or shops outside the casino during their casino trip.
- Since this casino patron spending is primarily driven by the patrons' trips to the casino, it is included in the gaming industry's direct impact as ancillary spending.
- Estimates of ancillary spending are based on Longwoods International's Travel USA survey of domestic travel in 2013.
 - Analysis is limited to travelers who indicated that a casino was the main purpose for their trip.

Economic Impact Analysis

- Analysis of the direct effects of the commercial casino industry serve as inputs for the respective statewide economic impact models.
- Input-Output (I-O) models for respective state economies calculate the downstream impacts of direct spending.
- Indirect impacts refer to supply chain effects.
- Induced impacts refer to additional impacts as employees spend in the statewide economy.
- Note: Each statewide input-output model accounts for the economic impacts and various rounds of economic activity that occur within the respective state boundaries. The input-output models do not take into account a casinos' purchases of goods and services or the spending of employee salaries and wages outside state boundaries. For example, in the case of a casino in Pennsylvania, the resulting statewide impacts capture the economic and fiscal benefits that occur within Pennsylvania state borders and do not account for the positive economic and fiscal benefits in surrounding states such as Mississippi and New Jersey.

Main Components of Economic Impacts

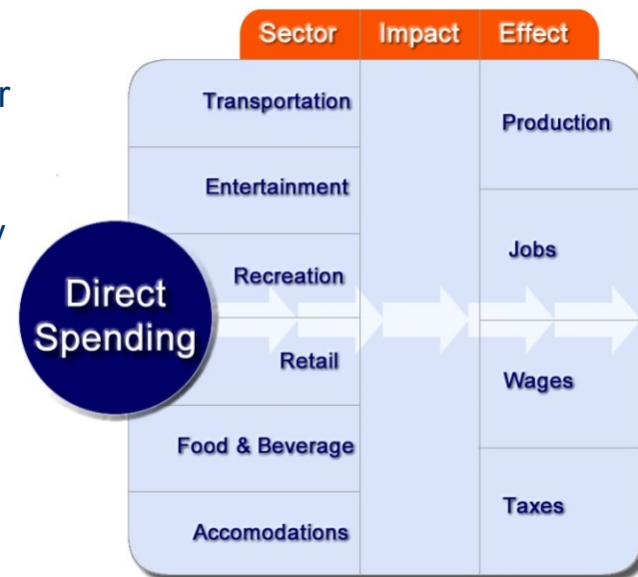
- There are three main components of a project's overall economic impact:
 - Direct impacts
 - Indirect impacts
 - Induced impacts

- **Direct Impacts** include direct spending and revenues.

- Industry impacts include casinos revenues (gaming and non-gaming)
- Ancillary spending includes spending by casino patrons at third-party leased establishments inside the casino and other establishments outside the casino.

- **Indirect Impacts** include statewide downstream supplier industry impacts. For example, casinos might hire a third-party cleaning service, food and equipment delivery service, linen cleaning service, legal services, or marketing services.

- **Induced Impacts** arise as employees spend their wages in the statewide economy. For example, casino employees will spend money on rent, transportation, food & beverage, and entertainment.



Summary Economic & Fiscal (Tax) Impacts

- Overall, the total economic impact of the commercial gaming industry in Mississippi was approximately \$4.1 billion in 2013.
- The total economic impact of \$4.1 billion included approximately \$1.5 billion in total labor income, supporting more than 37,000 total jobs.
- The economic impacts attributable to the commercial gaming industry generated approximately \$0.9 billion in total tax revenues.

Summary Economic & Fiscal (Tax) Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Total Output Impact	\$4,053,686,204
Total Employment Impact	37,029
Total Labor Income Impact	\$1,481,586,558
Total Tax Impact	\$944,566,389

Summary Direct Impacts - Output

- Total revenues at commercial casinos amounted to approximately \$2.4 billion, including \$2.1 billion in gaming revenues and nearly \$214 million in non-gaming revenues.
- Statewide ancillary spending amounted to approximately \$210 million.
- The total direct output impact in Mississippi was nearly \$2.6 billion.

Direct Output Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Commercial Casinos - Total Revenues	\$2,350,286,206
Commercial Casinos - Gaming Revenues	\$2,136,623,824
Commercial Casinos - Non-Gaming Revenues	\$213,662,382
Ancillary Spending	\$209,943,860
Total Direct Output Impact	\$2,560,230,067

Summary Direct Impacts – Employment & Labor Income

- The total direct employment impact was approximately 25,000 direct jobs, including approximately 22,000 commercial casino jobs and 3,000 jobs associated with ancillary spending.
- Total direct labor income amounted to approximately \$1.0 billion.

Direct Employment & Labor Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Commercial Casinos - Direct Employment	22,399
Ancillary Spending - Direct Employment	3,029
Total Direct Employment Impact	25,428

Description	Amount
Commercial Casinos - Direct Labor Income	\$956,632,716
Ancillary Spending - Direct Labor Income	\$54,843,455
Total Direct Labor Income	\$1,011,476,171

Note: In some states, direct casino employment and wage information was not available from the Bureau of Labor Statistics. In these cases, Oxford Economics modeled employment, payroll and operating costs based on survey benchmarks and data available for each state. This approach supports consistency across states and represents a conservative estimate of industry impacts.

Detailed Economic Impacts

Detailed Economic Impacts - Output

- The direct output of \$2.6 billion generated \$0.6 billion in indirect output and approximately \$0.9 billion in induced output, resulting in a statewide economic impact of approximately \$4.1 billion in 2013.

Economic Output Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Direct Output	\$2,560,230,067
Indirect Output	\$575,965,395
Induced Output	\$917,490,742
Total Output	\$4,053,686,204

Detailed Economic Impacts - Employment

- In addition to approximately 25,000 direct jobs, the commercial casino industry generated 4,400 indirect jobs and 7,200 induced jobs, resulting in a total job impact of approximately 37,000 total jobs throughout Mississippi.

Employment Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Direct Employment	25,428
Indirect Employment	4,426
Induced Employment	7,175
Total Employment	37,029

Detailed Economic Impacts – Labor Income

- The commercial casino industry in Mississippi generated approximately \$1.0 billion in direct labor income, \$198 million in indirect labor income, and \$273 million in induced labor income, resulting in a statewide labor income impact of \$1.5 billion.

Labor Income Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Direct Labor Income	\$1,011,476,171
Indirect Labor Income	\$196,797,508
Induced Labor Income	\$273,312,879
Total Labor Income	\$1,481,586,558

Detailed Fiscal (Tax) Impacts

Detailed Fiscal (Tax) Impacts – State & Local Taxes

- The commercial casino industry generated \$353 million in state and local tax revenues, including \$172 million in sales taxes, \$19 million in personal income taxes, and \$98 million in property taxes.

State & Local Fiscal (Tax) Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Total State & Local Tax Revenues	\$353,197,755
Sales Tax	\$172,015,390
Personal Income	\$19,179,563
Corporate	\$12,522,354
Social Security	\$5,882,777
Excise and Fees	\$45,235,671
Property	\$98,362,000

Detailed Fiscal (Tax) Impacts – Federal Taxes

- The commercial casino industry generated \$334 million in federal tax revenues, including approximately \$64 million in federal personal income taxes, \$59 million in federal corporate taxes, and \$174 million in social security taxes.

Federal Fiscal (Tax) Impacts of the Commercial Gaming Industry in Mississippi

Description	Amount
Total Federal Tax Revenues	\$333,741,699
Personal Income	\$63,780,792
Federal- Corporate	\$59,130,441
Indirect Business	\$36,525,723
Social Security	\$174,304,744

Detailed Fiscal (Tax) Impacts – Gaming Taxes

- The commercial casino industry generated approximately \$258 million in gaming taxes in 2013.

Gaming Taxes Generated by the Commercial Gaming Industry in Mississippi

Description	Amount
Gaming Taxes	\$257,626,934

Fiscal (Tax) Impacts – Combined Tax Revenues

- The commercial casino industry generated nearly \$945 million in total tax revenues.

Summary Fiscal (Tax) Impacts of the Commercial Gaming Industry in Mississippi

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Description	Amount
Gaming Taxes	\$257,626,934
Total Tax Revenues	\$944,566,389

Impacts in Context

Employment Impacts in Context

- Without the commercial casino industry's total employment impact of approximately 37,000 total jobs, the unemployment rate in Mississippi would rise from 7.7% to 11.7%.

Description	Amount
Total Employment Impact of	37,029
Current Unemployment Rate	7.7%
Unemployment Rate without Commercial Casino Employment	11.7%

Employment Impacts in Context

- The commercial casino industry in Mississippi supports approximately one out of every 30 jobs statewide.

Description	Amount
Total Employment Impact of Commercial Casinos	37,029
Total Statewide Jobs	1,111,900
Gaming Supports 1 Out of Every ____ Jobs Statewide	30
% of Statewide Jobs Supported	3.3%

Fiscal (Tax) Impacts in Context

- The commercial casino's fiscal (tax) impact of \$945 million would cover the starting salaries of more than 30,000 state school teachers.

Description	Amount
Total Tax Impact Attributable to Commercial Casinos	\$944,566,389
Average Starting Salary of School Teachers in State	\$31,184
# of State School Teachers' Salaries Equivalent	30,290

Note: Average school salary data is based on 2012-2013 average starting teacher salaries (by state) from the National Education Association

Fiscal (Tax) Impacts in Context

- Without commercial casinos' total tax impact of approximately \$945 million in total tax revenues, households on average would pay an additional \$847 in taxes each year.

Description	Amount
Total Tax Impact Attributable to Commercial Casinos	\$944,566,389
Total State Tax Revenues	\$7,402,725,000
Number of Households	1,115,768
Current Taxes Per Household	\$6,635
Average Per Household Tax Revenues Generated by Commercial Casinos	\$847

Note: Total state tax revenues based on the US Census Bureau's 2013 Annual Survey of State Government Tax Collections.



OXFORD
ECONOMICS

For more information:

adam@tourismeconomics.com

aran.ryan@tourismeconomics.com

mmariano@tourismeconomics.com

+1.610.995.9600