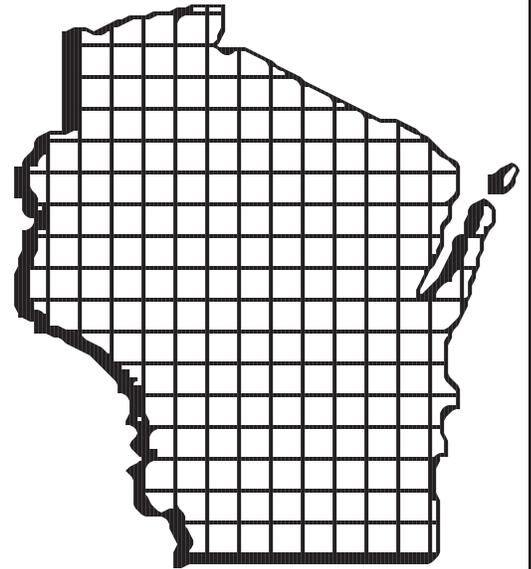


Wisconsin

Policy
Research
Institute
Report



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**THE ECONOMIC
IMPACT OF NATIVE
AMERICAN GAMING
IN WISCONSIN**

REPORT FROM THE PRESIDENT:

No issue in Wisconsin is more complicated than casino gambling. For years, the issue has been debated with very little data available on the subject. Previous published reports have been sponsored by vested interests. The results of these reports were used as much for public-relations purposes as for serious academic research.

This report is different. We have no vested interest in Indian casino gaming. We commissioned three of the top academics in the United States to examine the economic impact of Native American gaming on Wisconsin. William Thompson is a professor of public administration at the University of Nevada-Las Vegas. He is considered by many as the leading expert in the country on casino gambling. Ricardo Gazel is the associate director of the Center for Business and Economic Research at UNLV, and Dan Rickman is a professor of economics at Georgia Southern University and an expert in statistical modeling. The results of their study will be controversial. We believe it to be an accurate portrayal of what is actually happening in Wisconsin.

This report could not have been undertaken without the cooperation of the Potawatomi and Oneida tribes. They were generous in allowing us to survey gamblers on their reservations. Other tribes were not. One of our researchers was told by an individual tribe that it would not cooperate unless it was allowed to control the study and know the results in advance. Fortunately, the Potawatomi and Oneida did not make these requests, nor would they have been granted if they had. Simply put, this report paints a picture of hundreds of millions of dollars passing through the Wisconsin economy, the overwhelming majority of which comes from Wisconsin residents who gamble and lose in Native American casinos.

Whether one agrees or disagrees with casino gambling, the reality is that it is probably here to stay. If casino gambling was dropped in 1998, hundreds of millions of Wisconsin dollars would go to neighboring states with casinos and increase their local economies.

A decision must be made regarding how to have this gambling money distributed fairly in Wisconsin, so that Native American tribes and the entire population of the state benefit. Hopefully, the data in this report can be a starting point to begin understanding what must be done in the next several years to reach a solution that is mutually acceptable and beneficial to all sides.

James H. Miller

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THE ECONOMIC IMPACT OF NATIVE AMERICAN GAMING IN WISCONSIN

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EXECUTIVE SUMMARY

- Seventeen Native American casinos in Wisconsin produce for themselves gross gaming wins of approximately \$655 million a year.
- The casinos also generate an additional \$60 million in non-gaming revenue — including from that which is spent on lodging, food and beverages, shopping, entertainment, transportation, and tour buses.
- Surveys of 1,495 automobile license tags and 697 patrons of the casinos reveal that approximately 80% of the revenue of the casinos comes from residents of Wisconsin and 20% comes from persons residing in other states.
- When viewed geographically, the gaming revenues and the other visitor revenues result in clear economic gains to both the areas with casinos and the state overall, unless social costs are deducted from the gains.
- The areas around the casinos — within 35 miles — cumulatively enjoy a \$404.1 million net economic gain from the gaming revenue and other new visitor spending minus the outflow of money from the areas. However, also considering a low estimate of the social costs of compulsive gamblers in the areas reduces the net gain to \$338.63 million.
- Overall, the state gains \$326.72 million in net revenue (inflow of funds minus outflow, direct and indirect) from the presence of the casinos. However, this figure is reduced substantially — to \$166.25 million — when even the lowest estimated social costs of compulsive gambling are included in the calculations. With mid-range estimated social costs, the overall impact becomes negligible, while with higher social-cost estimates, the impact becomes clearly negative.
- The economic gains of the areas with casinos are derived from both out-of-state residents and residents of areas of the rest of the state not served by local casinos. Without considering the social costs of compulsive gambling, the "rest-of-the-state" areas lose — or, transfer in — \$223.94 million to the local gaming areas. Considering the lowest estimated social costs of problem gambling, the rest of the state currently loses \$318.61 million to gambling.
- Gaming estimates are, indeed, estimates. If we are to better understand the impact and scale of this new industry, public officials will need to have access to more data on the industry than current agreements allow.
- The typical gamer is between 50 and 70 years old and is either retired or has a blue-collar job. Gamers have an average household income of between \$20,000 and \$30,000 a year. Fewer than 15% enjoy household incomes in excess of \$60,000, while almost 30% have household incomes less than \$20,000.
- There are more than 12 million patron visits to the casinos each year. Their wagers averaged \$101, while their losses were approximately \$50 each.
- Visitors to the areas with casinos (those living beyond 35 miles from the casino) also spend an additional \$99.39 million a year in lodging, food and beverages, shopping, entertainment, and transportation costs.

- Many of the visitors would have come to the areas with casinos and spent non-gaming funds even if there were no casinos present.
- Many of the Wisconsin-resident gamers would go to other jurisdictions to gamble if there were no casinos in the state.
- Gaming is an industry that has been growing in importance. The degree to which this is encouraged or allowed should be more widely debated than it has been to date. Other studies should be completed before further gambling agreements with Native Americans are negotiated or renegotiated.
- Future state policy on casino gambling should interpret economic gains for local areas with casinos as being transfer payments from the rest of the state and out-of-state patrons. The gains should be viewed as gains for communities with historical and current needs for social programs and economic-development funding. The economic gains have assisted in achieving very positive community-growth projects, and they may continue to do so. However, the gains also must be seen largely as being the result of gambling activity by lower-income persons and retirees. Future policy should give specific attention to the problems of pathological gambling, as these can offset most, if not all, of the economic gains the state experiences as the result of the 17 Native American casinos within its borders.

INTRODUCTION

A White Buffalo was born August 20, 1994, on a farm outside of Janesville: a true White Buffalo, a sacred symbol for many Native Americans. The White Buffalo may be the reincarnated spirit of White Buffalo Calf Woman — who, according to legend, had come to Earth to teach the Native Peoples how to live virtuous lives, how to use the sacred pipe of peace in ceremonies, and how to pray to their creator. Looks for Buffalo is a Native American spiritual interpreter. He maintains that the white calf was born on the farm of a white man as an “omen.” White people, he suggests, are being told that they must pay attention to “what they are losing” by living in modern ways, with modern machinery, and out of touch with “Mother Earth.”¹

Perhaps it is also time that all modern Wisconsin people — white people and others — take stock over “what they are losing” as well as what they may be gaining due to the appearance of what some have called the Native American’s “New Buffalo” — casino gambling, and its modern money-making machinery.² Are the financial losses of the white man — and others — at casinos offset by societal gains? Are the losses producing a public good? Should policymakers in Wisconsin endorse the casino gaming and encourage its continuance? Or, should they take steps to modify its effects, or perhaps even to end the activity?

This is a study about a New Buffalo. Not the white calf on Dave Helder’s farm in Wisconsin, but the one that manifested itself with a reincarnation overseeing decks of cards and slot machines in Nekoosa, Red Cliff, Lac du Flambeau, Oneida, Carter, Keshena, and 10 other reservation sites in Wisconsin. This is a study about winners and others who may or may not know “what they are losing.” This is study of the economic impacts of 17 reservation casinos in Wisconsin.

OVERVIEW

1. Tribes and their populations in Wisconsin

Eleven tribes have reservation lands in Wisconsin. Some tribes have intact reservations, such as the Menominee, while others have several scattered parcels of land, such as the Winnebago (Ho-Chunk). One tribe, the Potawatomi, has trust lands within the Milwaukee city boundaries. The Winnebagos have parcels of land in the Dells of south-central Wisconsin. The Oneida’s 7,000-acre reservation is within the Green Bay metropolitan area. All the other reservations are in rural areas of the sparsely populated northern part of the state. The tribal lands range in size from the 2,000-acre Mole Lake Chippewa reservation to the 235,000-acre Menominee lands.

In 1993, the rolls of the 11 tribes listed 42,237 members. Each tribe had its own requirements for membership, all requiring some lineal descentance from members of the tribe in pre-American days, with seven requiring 25% Native lineage, while one, the St. Croix Chippewa of Turtle Lake, requires that members have at least one-half lineage within the tribe. Since the appearance of tribal casinos, many persons with blood relationships to tribal members — and others as well — have sought to establish membership on the tribal rolls. The number of enrolled Native Americans is growing in Wisconsin. Of those on the rolls, about one-half (20,037) live on the reservations. A large number lives in cities. The largest concentrated number of Indians, 8,000, live in Milwaukee.³

The number of jobs on reservation lands is also growing as a result of gaming enterprises. The tribes provide employment for 10,496. Two-thirds of these jobs (6,932) are with gaming facilities. About one-half of the gaming jobs are held by tribal members. Given the remote location of tribal populations, the casino employment is an essential ingredient in the well-being of the people. The federal government has made concerted efforts to develop Native American enterprise in Wisconsin, but next to gaming, their results must be considered insignificant at best. According to the Bureau of Labor Statistics, Wisconsin unemployment stood at 8.1% in January 1985; unemployment for Native Americans in Wisconsin was 49%.⁴ According to the 1990 Census, 62% of the Wisconsin reservation population

lived under the official poverty line.

Before casino gaming, unemployment rates among Wisconsin Native Americans, like Native Americans throughout the land, were very high. On some reservations, rates were 60% or higher.⁵ Native Americans were characterized as being the poorest of all ethnic groups in the United States. Certainly, casino gaming has improved the life situation for many Native Americans by providing employment they otherwise would not have. Enrollments have changed. Numbers on tribal rolls have increased, numbers on welfare rolls have decreased.⁶

2. The Wisconsin Native American casinos

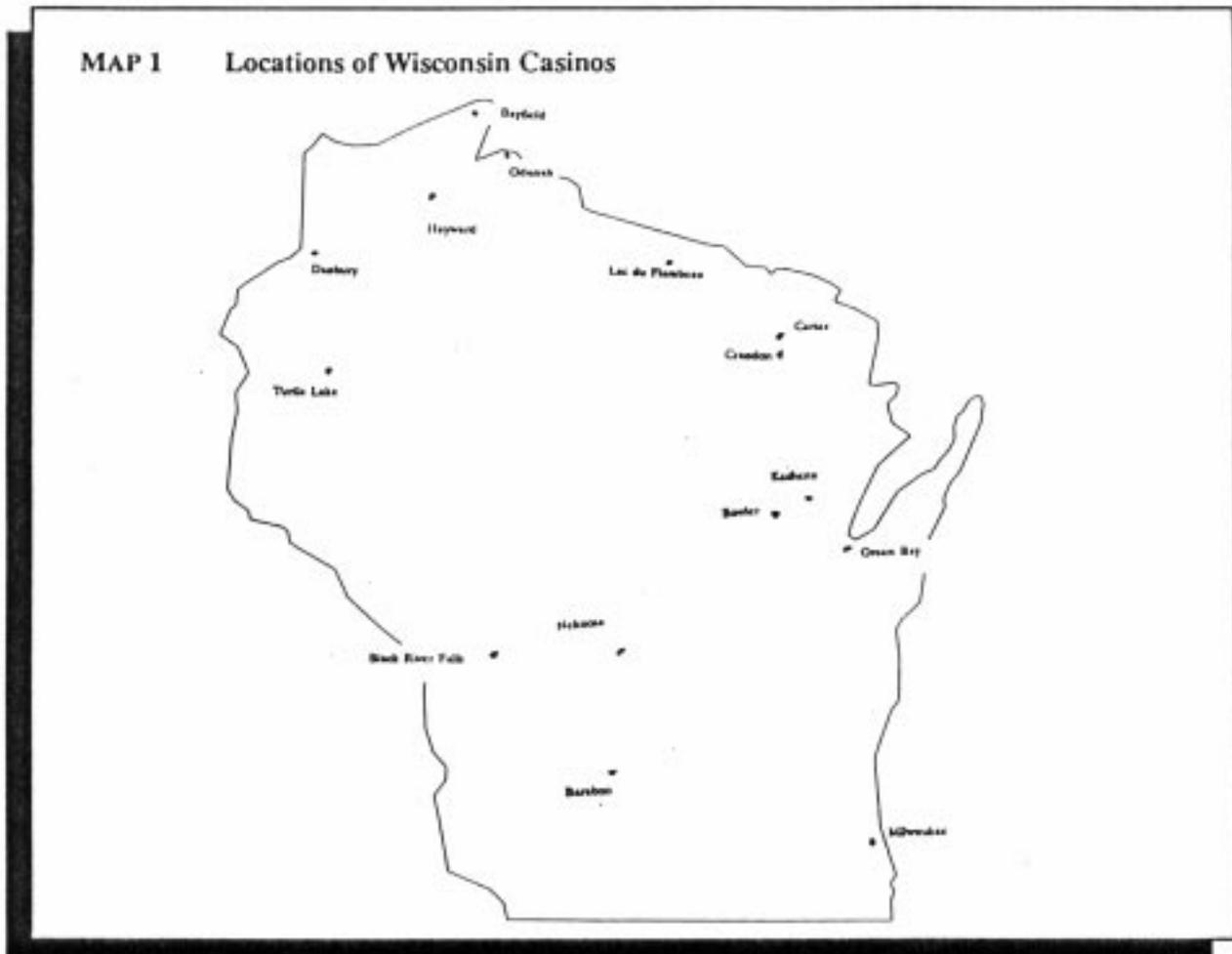
With 17 casinos on 11 reservations, Wisconsin ranks as the fifth state in the number of casinos, following only Nevada's 300+, South Dakota's 80, Colorado's 65, and Mississippi's 33 casinos. A seven-year agreement between the state and the tribes allows each tribe to have two casinos with blackjack games and electronic games as well as bingo and additional gambling facilities that may have only electronic games and/or bingo. Actually, bingo games are not subject to the compact-negotiation phase of the Indian Gaming Regulatory Act. The Winnebago tribe — which recently readopted its traditional name, Ho-Chunk Nation — is the only tribe with more than two casinos. Its premier facility — the Ho-Chunk — serves the Wisconsin Dells area, while a second casino with tables, games, and machines is in Nekoosa, and the third casino, which has only machines and bingo, is at Black River Falls. The Sokaogon Chippewa Band has two casinos, as do the St. Croix, Menominee, and Potawatomi reservations. The largest gaming complex in the state is on the Oneida reservation near Green Bay. The complex — which includes a full-service Radisson Inn Hotel, a new casino, bingo hall, as well as satellite gaming areas — has (according to the April 1994 *Casino Magazine*) 4,000 machines and 120 blackjack tables. (Other publications suggest the casino has 2,500 machines — the number we use in the analysis).

There are no official, published statistics on the casinos, number of gaming positions, and size of gaming facilities. There is no official, published information regarding how much money players lose and how much money the gaming halls win. Such information as is collected from reservations by the Wisconsin Gaming Commission — established in October 1992 to provide oversight for regulation of the casinos (which are tribal) and other gaming in the state — is confidential. The following information is derived from several sources, including: (1) *Casino Magazine* (April and July, 1994); (2) Smith Barney's *Global Gaming Almanac* (December 1994); (3) *Green Bay Press-Gazette*, December 5, 1993; (4) *Appleton Post-Crescent*, April 3, 1994; and (5) *Milwaukee Journal*, March 13, 1994. It was partially confirmed by personal visits to some of the casinos by the researchers and by personnel assisting in the research project. The study's analysis relies on this information for the generation of statistics on revenues, as that information is also held as confidential by the gaming facilities. Comparable wins per game and per unit of gaming space from other jurisdictions are utilized in connection with the survey data gained from on-premises interviews with players, and is used to generate the numbers.

Table 1 on the facing page includes the numbers used in the analysis. There are 17 casinos, 16 of which have a combined gaming floor space of 416,800 square feet. The casinos have 349 blackjack tables and 8,825 slot and video gaming machines. The casinos employ 7,844 persons. Map 1 on page 6 shows the location of the Wisconsin tribes and their gaming facilities.

3. The need for this study

This is not the first economic impact study of Native American gaming. It is not the first study of the impacts of Native American gaming in Wisconsin. Other studies will be reviewed below. Is there a need for this study? The researchers believe that the answer is "yes." They also believe that others should follow and repeat and refine the exercise, especially when full access to gaming information in Wisconsin is provided to the public.



It is regrettable that the State of Wisconsin, as a matter of public policy, has decided that information about Native American casino gambling within its borders must be kept confidential. The state's position, as conveyed to the researchers by personnel of the Wisconsin Gaming Commission, may have been negotiated into compact agreements by the tribes of Wisconsin.⁷ However, in the interest of good policy — policy that seeks to result in benefits for Native Americans as well as other residents of Wisconsin — public information should be public. Rational, public-policy processes require full, open access to all pertinent information if good decisions are to be the result of the processes.

There will be ongoing debates over policy regarding the extent of future gaming in the state of Wisconsin. Information pertaining to the actual performance of gaming operations in the state will be not only pertinent, but essential to the debates. In the spring of 1995, the voters were asked for their opinions about financing public projects (i.e., a stadium) by instituting a form of casino gaming (sports betting) as a revenue source. If the citizens are kept from knowledge about existing casinos, how can they assess the desirability of more casinos? Yet the state has ratified a policy of secrecy regarding reservation casino information.

As a result, the public receives only bits and pieces of the casino story in their state. Casino magazines and newspapers carry incomplete stories. Casinos themselves issue partial factual information about their operations. Opponents of reservation gaming make reckless charges that cannot be substantiated by the facts. But they can't be refuted by the facts either, because policymakers can't let the public have the facts. Proponents of reservation gambling, if they are the actual tribal operators of casinos, may offer very good arguments in favor of continuation of expansion of gambling. But the

public cannot tell that the arguments are based upon the full facts, because only partial — perhaps selected — facts are put forth with the arguments.

Existing studies of reservation gaming have applied the rigorous tools of social-science research. Unfortunately, like the arguments for and against gambling, the existing studies do not fully reveal information about the details of gaming so that they can present the “full picture.” Studies effectively tell the story about the results of the casino funding source for satisfying tribal needs. However, there is little penetrating analysis of the impact of the gaming upon player populations. The focus of the studies is often on the many benefits that come to the tribes with gaming, and not on the costs and benefits that fall upon broader populations that surround the reservation communities.

In April 1994, one Wisconsin tribe created a Political Action Committee (PAC) and requested its casino employees to contribute funds to the PAC. Its purpose was quite legitimate. It wished to be able to tell its story to policymakers in the most effective manner. One tribal official commented, “A \$1 a week contribution would give the tribe \$156,000 a year to donate to political candidates. ... [The tribe wants] to fight anti-gaming and anti-Indian interests, with special attention placed on gaining support for the Tribe in Madison before its gaming compact with Wisconsin expires in 1998.”⁸

It is quite typical, in the American political scene, for political money to push one side of a story. The PAC represents a legitimate way for lobbying activity, which is guaranteed by the First Amendment’s right to petition the government. The First Amendment also protects freedom of speech — and incorporated into that freedom must be freedom of information, so that policymakers can more readily discern the true facts when they make decisions. Free access to full information must not be precluded from the debate over gambling in Wisconsin. Decisions will be made about gambling policy in the future. Like 1997 is coming for Hong Kong, 1998 is surely coming for Wisconsin.

In lieu of being able to proceed with a research project utilizing a full flow of public information about reservation gaming in Wisconsin, we have constructed information pools by other means. That the methodology offered is not perfect will not be debated. We will stand by the position that it is a good methodology, and we will share the methodology fully in this report.

We have designed a questionnaire with which to gather insights (see Appendix), and we have interviewed actual gamblers at casino sites in Wisconsin. Our selection of interviewees was randomized by location, season, time of day, and day of week, as well as through a process of alternating persons selected. The behavior of the Wisconsin gamers has been analyzed by comparing their activity with the activity of gamblers in other jurisdictions and by also considering the behavior of consumers as revealed in United States Census data. Casino operations are also considered to be comparable to other casinos similarly located in regard to various “win” attributes. (“Win” means the amount of money taken in minus the payouts to players who win.)

This study could not have been possible without the cooperation of the Oneida and Potawatomi tribes of Wisconsin. They gave our research team access to gaming facilities so that we could interview their players. In no sense were they required to do so; at all times, we recognized that we were their guests. Their help was essential. They did not screen the questions being asked (although they knew the questions). They have not been involved in the analysis. The conclusions made in this report are conclusions of the researchers, and in no way should any tribal official be considered to have endorsed the conclusions. These tribes have received the survey results, but they have not been asked to comment on them at any time prior to the publication of this report. The researchers are fully responsible for this report and its conclusions.

Hopefully — as the state is drawn into further debates over gambling, as it must be — others can gain the cooperation of casino officials, replicate this study, and attempt more refined studies regarding the many impacts of gambling on the public of the state. Hopefully, at some time not too far distant from now, the policy of keeping casino information secret can be reviewed and revised.

HISTORY OF NATIVE AMERICAN GAMING IN WISCONSIN

1. National picture of casino gaming today

The gambling industry has been recognized to be one of the strongest — if not the strongest — growth industry in America. One prominent magazine proclaimed in a cover story that “gambling fever was sweeping the nation.”⁹ The rise of gambling enterprises as a legitimate national industry has been dramatic. In just over three decades, the United States has progressed from having one casino state and a handful of states that permitted parimutuel wagering or charitable bingo to a country with legalized gambling in 48 of 50 states. At the beginning of 1963, a person risked going to jail if he or she purchased an Irish Sweepstakes ticket to benefit the hospitals of “Old Eire.” Later that year, New Hampshire became the first state to establish a government-run lottery. Now, 38 states and the District of Columbia have lotteries. Collectively, they win \$13 billion away from players. Parimutuel gaming (betting on horse races, dog races, and jai alai games) is now permitted in some form in over 40 states. Forty-six states allow charitable bingo.

Gambling fever rages most in the casino sector. Until 1978 (this century), there was one casino state (Nevada); New Jersey started casinos in 1978; then, 12 years later, Iowa and South Dakota joined ranks. Since 1990, seven other states have authorized commercial casinos. Together, the commercial casinos win an additional \$13 billion from players.

The most rapid growth in the casino sector has been on Indian reservations. As a result of the Indian Gaming Regulatory Act of 1988, tribes may have gaming if the gaming is permitted within the state. The tribes must, however, negotiate compacts (agreements) with the state regarding how the games will be regulated. Most have adopted some form of self-regulation with minimal state oversight. Since the 1988 Act was passed, over 100 compacts have been negotiated for Indian casinos. Seventeen of the casinos are in Wisconsin. Collectively, Indian casinos gain revenues estimated to be as much as \$5 billion a year — an amount equal to the gross gambling revenues of all the casinos of Las Vegas, Nevada. The most active Indian casinos actually win more than the biggest Las Vegas casinos. Foxwoods (Mashantucket-Pequot Tribe) of Connecticut wins close to \$700 million a year — compared to the Mirage, the Las Vegas leader, which wins less than \$450 million. Most Indian casinos, however, win much less due to the marketing disadvantage of being in remote locations. Indian casinos are found in 20 states.¹⁰

All legal gambling generates wins approaching \$40 billion a year. Gambling continues to spread rapidly, and politicians are looking more and more to this activity when they seek new funding for public projects. Yet while gambling is seen as an economic miracle tool that can generate taxes, provide jobs, and stimulate economic growth, its appearance on the scene as a “growth industry” has been quite accidental. We do not have gambling in 48 states because public leaders had a rational discussion followed by penetrating studies. For the most part, it can be suggested that “it just happened.” To be sure, because it happened, there are many “winners,” and many such people, and people who thought they could be “winners” seized the opportunity to push politicians or voters toward legalization when the opportunity arose.

Accidents happen in the public-policy arena. Most American political activity involves implementation of accidental policy decisions, as regulators seek to bring rationality to the process after the critical decisions are made. Nevada has legal casinos because one state senator from a small county thought his county commission would like an opportunity to make a few hundred dollars in tax money. The idea sounded good, and a bill was passed rather quickly. The same day, the lawmakers debated long and eloquently about a proposal to lower the residency requirement for divorces to six weeks. That bill also passed. The *next* day, the six-week divorce law was national news. The legalization of casinos was relegated to the back pages of the local press.

To explain why today we have casinos in Bible-belt towns such as Tunica, Mississippi, or staid

“River City” look-alikes such as Dubuque, Iowa, or mountain towns like Cripple Creek would not be easy. The best way to describe it would be to say it was an accident. And so, too, Wisconsin has become one of the leading casino states in the United States; only Nevada, Mississippi, South Dakota, and Colorado have more casinos. Why? Because of reasoned deliberations and penetrating studies? No. It wasn’t meant to be — at least not by mortals. It was an accident.

The following chronology tells what happened in Wisconsin. It can’t begin to tell why it happened.

2. In Wisconsin, it started with bingo

The development of casino gambling in Wisconsin fits the general American scheme. It didn’t happen “on purpose.” It started in 1973 with a public-referendum vote, which approved a state constitutional amendment to allow bingo games for charities. The state constitution had a prohibition on lotteries, and the courts had ruled that lotteries included all games with prizes, consideration, and chance — essentially, all gambling. For any gambling to be authorized, the constitution had to be amended.¹¹

In 1975, the legislature implemented the action of the voters by designing rules for charity bingo games.¹² Using the status of a charity, the Oneidas offered a bingo game in September 1975.¹³ The voters also approved an amendment authorizing raffles in 1977.¹⁴

3. The Seminoles blaze a new trail

For several years, Wisconsin tribes ran games according to the state’s legislated rules. Their bingo games followed designated hours of operations and kept entry fees and prizes within required limits. However — like other tribes with severe economic needs — they took notice when, in 1978, a Seminole reservation in Hollywood, Florida, decided to gain an edge on its non-Native American, bingo competition. The tribe began offering very large prizes. They violated the state’s rules. The large prizes immediately attracted large droves of customers, and profits increased. The prizes also attracted the disdain of state authorities. The state sought to stop the apparent rule violations. However, federal courts determined that the tribal actions were permissible as long as they did not violate the criminal laws of Florida. While the federal law required tribes to abide by state criminal laws, the tribes were not subject to administrative or civil rules of the state.¹⁵

4. The big games come to Wisconsin

High-stakes, Native American bingo quickly spread throughout the land. And it arrived in Wisconsin, where the state authorities followed their Florida counterparts and tried to close down the games. In 1981, federal district-court Judge Barbara Crabb ruled that the high-stakes games did not violate state criminal law and were thus permissible on reservation lands. In 1986, in a parallel case, Judge Crabb held that the Oneidas could conduct raffles using procedures of their own, rather than state procedures, because the public had made raffles legal with the 1977 vote.¹⁶

During the 1980s, Wisconsin tribes experimented with a variety of games. The Menominees used a bingo-ball device to generate numbers for roulette games and also to indicate cards for blackjack games.¹⁷ But the real casino games came in 1987.

5. The *Cabazon* case

Many states continued to try to impose their gaming rules on Native American gaming operations. They sought to have lower federal court rulings set aside by the United States Supreme Court. The case that reached the court, *Cabazon v. California*,¹⁸ involved bingo and poker games on the small Cabazon reservation (rancheria) in California. The states did not get what they wanted. The high court affirmed the previous Seminole and other cases. Native American gaming was subject only to state

criminal laws. If a game was legal in a state, Native Americans could conduct the game unregulated by states. Any state control of actions on reservations had to be specifically authorized by the U.S. Congress.

The *Cabazon* ruling was handed down in February 1987. In March 1987, the Menominees decided to offer regular blackjack games at their gaming facility.

6. Wisconsin removes ban on lotteries — and everything else

In April 1987, just two months after the *Cabazon* ruling, the voters were asked to amend the state constitution to remove the ban on lotteries and to authorize parimutuel betting on dog races. The legislature had put the question on the ballot. However, Wisconsin Attorney General Donald Hanaway cautioned the lawmakers that if the matter passed, the “door would be open” for Native American gaming to expand in the state. As lotteries, in the state’s legal history, meant all games, removal of the ban would constitute a legalization of casino games. The legislature was unconcerned. The public wanted a lottery to compete with lottery games in Illinois and Michigan. It did not debate the effect that that amendment would have on reservation gaming. It passed the measure by a 70%-30% margin.¹⁹

Despite continued warnings from the attorney general that the state had to plug a big loophole, the legislature blindly moved ahead with legislation establishing a lottery commission that was empowered to offer any lottery games. It “pooh-poohed” the idea that the lottery could authorize casino games. Attorney General Hanaway issued an opinion in February 1988 indicating that lotteries covered a wide range of games. In 1989, the Wisconsin Department of Justice indicated that the state could negotiate agreements with the reservations permitting them to have casino games.²⁰

The legislature seemed quite aware that the voters had opened the door to all kinds of gambling in 1987. Legislators sought to have a study of whether there should be slot machines all around the state.²¹ The legislature also studied the merits of commercial riverboat gambling.²²

7. The Indian Gaming Regulatory Act of 1988

After the *Cabazon* ruling, state governments throughout the country were much chagrined over the prospect that Native American reservations could have gambling operations that were totally unregulated — by off-reservation authorities. Congress was activated to pass the Indian Gaming Regulatory Act in October 1988 (IGRA).²³ The Act created a federal commission to set gaming rules and oversee regulation of Native American bingo games. Casino games were permitted on reservations, if the games were permitted for any purpose by any organization in the state. The casino games would be regulated in accordance with a compact negotiated between a state and a tribe. If the state refused to negotiate in good faith for casino games, the tribe could sue the state in federal courts for a ruling forcing negotiations.

8. Tribes respond to IGRA — governor responds to tribes

The Wisconsin tribes read the Indian Gaming Regulatory Act, and 10 of the 11 requested that the governor negotiate agreements with them to permit casino games on their reservations. Only the Oneidas resisted the rush to gamble.²⁴ The state indicated that any agreement would have to be approved by the tribes, the governor, and the legislature.

The governor indicated a willingness to talk. Indeed, he even showed some enthusiasm for Native American casinos as part of his campaign for economic development.²⁵ Attorney General Donald Hanaway and Governor Tommy Thompson also saw an opportunity for trade-offs: “a bargaining chip in ongoing negotiations over Indian hunting and fishing rights.”²⁶

The governor negotiated six agreements by mid-1989.²⁷ The agreement with the Lac du

Flambeau tribe of Lake Superior Chippewas gave the tribe the right to have any type of casino gaming and also pledged that the state would give the tribe \$50 million. In exchange, the tribe modified the fishing rights it had gained in federal-court litigation. It agreed to limit spearfishing to two lakes and to limit the number of walleyes it could take.²⁸

As 1989 wore on, Governor Thompson's enthusiasm was on the wane as various legislators indicated that they would not approve casino gaming. He first sought a bill that would give him the full authority to make agreements for the state. He was unsuccessful at the time, but he did later gain such authority. Then, he turned against the tribes. He broke off negotiations, leaving all the tribes wondering where the agreements stood. He then asked the legislature to pass a law specifically banning casino gambling.²⁹ The tribe suggested that the governor was acting in "bad faith" — one of the provisions allowing them to sue the state to force negotiations.³⁰

In February 1990, Attorney General Hanaway changed his earlier position by issuing an opinion saying that casino gaming in Wisconsin, though "not unconstitutional," was "illegal."³¹ The opinion prompted the Lac du Flambeau Tribe to act. It sued the state, asking federal Judge Crabb, the same judge who had handled its fishing-rights case, to order the state to make an agreement with the tribes so that they could have casino games.³²

Throughout 1990, Wisconsin casino gaming was in limbo. Tribes ran games wondering always if they would be raided. When state raids occurred, they ran to the federal court for restraining orders. Judge Crabb asserted that IGRA provided that only federal authorities could enforce violations of gambling laws on reservations. But she added that without compact agreements, the tribal games were illegal. Limbo continued.³³

9. A new attorney general

In November 1990, Jim Doyle replaced Hanaway as attorney general. Doyle took a new look at reservation gaming. In April 1991, he issued his opinion. Native Americans in Wisconsin were entitled to have casino gaming on their reservations because Wisconsin "permitted" casino gaming when the voters abolished the constitutional ban on lotteries and when the legislature passed a lottery law without any restrictions on the games the lottery could have.³⁴

10. The Crabb decision — negotiations and reactions

Governor Thompson blasted Doyle's opinion, saying that it was "opening the door" to casino gambling on reservation lands. However, it was Judge Crabb that "opened the door" all the way with her decision in June 1991. She ruled, just as Doyle had opined, that the state had to negotiate compacts with the tribes so that they could have casino games.³⁵

Governor Thompson appealed the ruling, but the appeal was discarded on a technicality. Before waiting for the Court of Appeals to act, he negotiated and signed agreements. In exchange for quick decisions and an understanding that the compacts would remain regardless of further judicial action, tribes agreed to certain limits. They could have casinos until 1998. The casinos could only offer blackjack games and machine gaming.³⁶ It has been suggested that the limits were imposed by the governor so that the matter was not a total defeat for the state and also because Minnesota Native American casinos are also limited to blackjack games and machine gaming.

In a special session in June 1992, state lawmakers enacted legislation clarifying that the word "lottery" did not include casino games, but they stipulated that the measure would not apply to any compacts for Native American gaming approved before January 1, 1993. By that time, all 11 tribes had such agreements in place.³⁷ The 1992 legislature also proposed a constitutional amendment banning all casino gambling, but allowing regular lottery-type (e.g., ticket) games to continue.³⁸

In April 1993, the voters gave their overwhelming approval to the proposal by a vote of 59% to 41%. At the same time, the voters also gave their opinions on several advisory questions. They indicated that they opposed boat casinos for Wisconsin river banks and Great Lakes ports and also video games throughout the state, but that they desired the state lottery to continue.

The new constitutional amendment banning casino gambling drew divergent views out of the Native American community. Rita Keshena of the Menominees was dismayed that the tribes did not fight harder against the measure. She indicated that the public supported reservation gaming in polls,³⁹ but somehow anti-reservation forces had turned them in the campaign. She wrote that the “yes” vote on the amendment placed the tribes “in harm’s way” and that the “vote may have reflected a rejection of Indian gaming as it presently exists in Wisconsin.”⁴⁰ Conversely, Rick Hill of the Oneidas saw positive outcomes with a positive vote. He saw the ban on casinos as providing the reservations with a casino monopoly — for at least five more years.

11. New reservations and gambling — one of a kind

Governor Thompson approved a land acquisition for the Forest County Potawatomi Band in Milwaukee. The tribe asked that newly purchased lands be placed into trust with reservation status. For this, the tribe agreed to support the operations of a Native American educational institution in Milwaukee. Their funding would be provided by high-stakes bingo games on the reservation. Under the Indian Gaming Regulatory Act, new reservation land (not adjacent to reservations) could offer gaming only if the activity was approved by the U.S. Secretary of Interior and the relevant governor, after they sought to find local opinion on the matter. The Milwaukee City Council and mayor were consulted and acquiesced in the project. The final approvals from Washington and Madison were won in July 1990. There was a clear understanding that the Milwaukee reservation would only have bingo games.⁴¹

To the present time, this is the only case in the United States where new (and non-adjacent) reservation lands have been allowed to have gambling under the 1988 Act. The Forest County Potawatomis signed an agreement with Omni Bingo, Inc., to build a bingo hall and run the games. Under the agreement, Omni retains 40% of the net revenues from the operation, while the tribe receives 60%. Omni also signed a management agreement to run the Potawatomi casino operation in Carter. However, that management contract ended in 1994. The management contract for the Milwaukee facility is the only contract allowing a non-Native American company to run a reservation casino in Wisconsin.⁴²

In 1992, after the governor had concluded casino compacts for the other reservations, the Forest Potawatomis asked the governor if they could have casino games in Milwaukee. The governor and the tribe compromised on a plan that allows 200 machines at the bingo facility. City officials were not consulted during the new negotiations. They were quite upset about the agreement.⁴³

12. More Native American casino gambling for Wisconsin?

Even though Governor Thompson cooperated with the Potawatomis, he has repeatedly rejected other attempts of other tribes to place other sites into reservation status for gambling purposes. Several tribes — St. Croix, Lac du Flambeau, Bad River — have sought to make deals with dog-race tracks to rescue their economically troubled facilities by making them reservations with casino gaming. Another tribe is seeking to establish a resort complex with casino gaming in La Crosse, if the site can be declared a gambling reservation.⁴⁴ Other tribes have sought to have lands along U.S. Interstate Highway 94, between Madison and Milwaukee, declared reservations for casino-gambling purposes.⁴⁵ The Oneidas are seeking permission to gain trust land for gaming in downtown Green Bay.

The governor has rejected all of these efforts. His rejections have not been without a cost. In February 1993, leaders of several tribes offered the state \$250 million a year in exchange for the opportunity to develop a major reservation casino complex at a site in the southern part of the state. The site is accessible to both the Milwaukee and Chicago metropolitan areas. The tribes seized the chance to

make a proposal because Illinois had turned down a \$2 billion casino complex for the Windy City.⁴⁶

Glen Miller of the Menominee tribe called the proposal a "share-the-wealth" plan. He said the contribution would "make a dent" in the property-tax burden. "I don't think it's a bribe. We need to take a good look at the impact of gaming. The tribes definitely receive benefits from it." The tribal leaders also requested that a bipartisan commission be created to review gambling and "its benefits to tribes and local communities."⁴⁷

THE UBIQUITOUS QUESTIONS OF GAMBLING IN WISCONSIN

Casino and gambling questions cannot be avoided by the state of Wisconsin. Not only is a clock running inevitably toward a date of reckoning — 1998 — but also the state is no longer able to isolate itself from nationwide gaming forces. In 1998, the State of Wisconsin and the 11 tribes must decide if reservation casino gambling will continue in its present form. But the question is larger than the state of Wisconsin. Gambling is national, gambling is ubiquitous. Wisconsin is surrounded by gambling. Map 1 on page 6 shows the casino locations in Wisconsin. Map 2 below shows the jurisdictions bordering the

MAP 2 Casino Locations in Adjacent States



state, and the locations of their casinos. Wisconsin is surrounded by states all of which have charity gaming, lottery gaming, parimutuel gaming, and casino gaming. Every major highway in and out of the state leads from and to a casino location in Minnesota, Iowa, Illinois, or Michigan. Indiana will also soon have casinos within a hundred miles of Wisconsin's border. Even if all the casinos of Wisconsin were to be closed, almost all of its residents would be able to drive to a casino (or several casinos) within two hours. Wisconsin policymakers cannot completely reject casinos and protect its public from any evil consequences of casinos. The public will be a market for day-trips to casinos far into the future, no matter what happens in 1998. Wisconsin will continue to serve as a market for casino visits to Las Vegas as well.

Although the state constitution bans commercial casino gambling (and presumably reservation casinos as well), efforts to have commercial casinos will continue. One form of casino gambling — sports betting — is being touted in 1995 as a source of financing for a new professional sports arena for Milwaukee. There will be new efforts and continued efforts to pressure Governor Thompson or his successor to approve new reservation lands for purposes of establishing new casino locations. Like past pressures, new ones will also contain incentives with dollar signs in front of numbers in the hundreds of millions. The right offer may be too enticing to deny.

The future Wisconsin casino debates are likely to take place in the legislature or governor's office in Madison, on the reservations, and in referenda campaigns. But they are also subject to resolution outside of the state. Ever since the Indian Gaming Regulatory Act passed, interests on all sides — state governments, commercial casinos, Native American tribes — have sought revisions to the Act. Some of the proposals for change take the state government out of the policy formula, especially in the area of expanding gaming to off-reservation locations. How Congress responds will affect Wisconsin. The state congressional delegation was virtually silent when IGRA was enacted into law. If it wishes to represent the public interest of the state of Wisconsin, and of the entire country, it should be ready to engage in the debates.

Gambling questions are very much alive for the state of Wisconsin. To provide good answers, policymakers — whether the governor, legislators, members of Congress, tribal members, judges, and voters — must have good information.

WHAT POLICYMAKERS NEED TO KNOW

Policymakers need to have good information regarding the economic and social impact of reservation gambling in Wisconsin. Information regarding its economic impact must necessarily address very basic questions: Where does casino money come from? And where does casino money go? The answers are not easily found. The money does not grow on trees. The printing press is in Washington, D.C. It is not in Wisconsin. The source of casino revenues for Wisconsin reservations must be identified.

1. Where do the gamblers/customers of the casinos reside? Are they local residents of the casino community or nearby area, or are they from a substantial distance from the casino? Are they from another state? Do the customers come just to gamble? Do they stay overnight in hotels and motels? Do they visit local restaurants when they make trips to casinos? Do they purchase other goods on their trips?

Who are the customers? Are the gamblers wealthy people? What are their occupations? What are the levels of their educations? How old are they?

What else do the gamblers do? On what other activities do they spend money? If they did not go to Wisconsin casinos, would they go to other casinos? Do they go to other casinos now? If they did not go to casinos, how else would they spend their funds?

2. How much money do customers spend at the casinos? Do the expenditures affect other

purchasing behaviors of the players? What games do they play? How often do they play?

3. Where does the money go? How much of the casino's win stays in Wisconsin? How much of the purchasing activity goes out of state? What money goes to out-of-state managers? How much leaves in the form of taxation? How much goes to wages? How do the wage-earners spend their funds? How does the tribe spend its net revenues from gaming? What tribal activities are supported by the funds? Is there a per capita distribution of funds? Are off-reservation investments made? Do the tribes invest funds out of the state?

4. *Inputs and outputs:* How do the questions above relate to one another? Policymakers should be able to get a handle on the bottom line: does more money come into the state than leaves the state? Does more money come into the local area than leaves the local area? How much more? How much less? What is the financial impact of the gaming operations in terms of jobs? What number of direct jobs can be traced to the casinos? What number of indirect jobs? Are jobs lost because of casino gaming in Wisconsin?

5. What are the social benefits and costs of casino gambling in Wisconsin? How has tribal life quality been impacted by casino gaming? What programs have been supported by gaming activities?

Have non-tribal community activities been impacted by the casinos? What social costs can be traced to the casinos: crime, incidence of problem gambling? Can financial costs be tied to social problems generated by gambling?

6. The balancing equation: does a cost-benefit analysis show casinos drawing in more money and jobs than leave the state? If the evidence shows this to be the case, policymakers can endorse gambling. But endorsements may also follow analyses that could show that residential expenditures on Wisconsin gambling would be diverted to out-of-state casinos if the casinos disappeared. While there would be no influx of revenues in such a case, casinos would be retarding an outflow of funds from the state. But even if this is not the case, the casinos completely funded by new residential gaming may have desirable purposes as devices for transferring funds from certain sectors of the population to other sectors. If gambling is a transfer program, it should be recognized as such, and policymakers should make rules for casinos, knowing their economic functions for the society.

OTHER IMPACT STUDIES OF RESERVATION CASINOS

Other researchers have approached these questions. There have been two studies of reservation gaming in Minnesota, another in Michigan, and one in Wisconsin. Before we discuss our analysis, it would be beneficial to examine these studies.

1. The first impact study of Native American casino gaming was conducted by the Midwest Hospitality Advisors, a consulting arm of Marquette Partners of Minneapolis. Their report was issued in February 1992 to the sponsor of the project: Sodak Gaming Suppliers, Inc. The study was "intended solely for Sodak ... for use in public relations and lobbying efforts." Sodak has an exclusive arrangement to distribute IGT slot machines to Native American gaming facilities in the United States. IGT is the largest manufacturer of slot machines. The analysis for the report was "based upon information obtained from direct interviews with each of the Indian gaming operations in the state, as well as figures provided by various state agencies pertaining to issues such as unemployment compensation and human services." The tribes supplemented interviews with financial documents. No effort was made to gain independent verification of information used in the study.

The report, *Impact: Indian Gaming in the State of Minnesota*, indicated that the Minnesota casinos collectively had 4,700 slot machines and 260 blackjack tables in 1991. Employment of 5,700 generated \$78,227,000 in wages — which, in turn, yielded \$11,800,000 in Social Security and Medicare payments, \$4,700,000 in federal withholding, and \$1,760,000 in state income taxes. The casinos also

spent more than \$40 million annually on purchases of goods from in-state suppliers. Net revenues for the tribes were devoted to community grants as well as direct payments to members, health care, housing, and infrastructure. The report indicated that as many as 90% of the gamblers to individual casinos were from outside of Minnesota. Overall, 360,000 were outsiders. Canadians exchanged \$3 million in money at the casinos.

2. A second Minnesota study was conducted for the Minnesota Indian Gaming Association by the KPMG Peat Marwick accounting firm of Minneapolis. Their report, *Economic Benefits of Tribal Gaming in Minnesota*, was released on March 4, 1992. It found that \$180 million was generated by the casino wins of 11 reservations in the state. That represented a 20% hold of \$900 million wagered. Six of 11 tribes participated in the study. These reservation casinos had revenues of \$140 million — which supported 4,730 jobs, with payrolls of \$32 million (including taxes). Other expenses amounted to \$54 million, with net revenues also being \$54 million. Of the net revenues, \$27 million went to capital expenditures, \$17.5 million to direct services and per capita distributions, \$3.1 million to health and education, and \$6.0 million to tribal governments. The report also indicated that rural counties with casinos reduced welfare rolls by 16% between 1987 and 1991.⁴⁸

3. The Michigan study was conducted by University Associates, a private consulting firm in Lansing, Michigan. The firm was retained by all seven tribes of the state during 1992, when they were seeking compacts for casino gambling on their reservations. However, in accordance with a special “grandfather clause” in IGRA, they had been permitted to continue blackjack games that were in place when the Act was passed in 1988. The reservations had also incorporated slot machines and other casino games, and these were being “tolerated” by the federal district attorney — as the tribes had initiated litigation to require the state to negotiate compacts, and the litigation was ongoing. The purpose of the study was to gather support for the tribes’ position in the litigation. Compacts were successfully negotiated shortly after the report was issued.

Information for the report was gathered exclusively from the tribes. The report, *Economic Impact of Michigan Indian Gaming Enterprises*, indicated that eight casinos (one tribe had two casinos in 1992) generated annual revenues of \$41.8 million, with a collective payroll of \$13.5 million for 1,931 employees supporting 3,256 family members. Payroll taxes amounted to \$3.9 million. Unemployment levels among tribes decreased as much as 64%. Tribal gaming facilities had become major local employers, as all were located in rural, northern Michigan. More than 30% of the workers had been unemployed before securing their casino jobs. A large number (37%) had been receiving some kind of government assistance that had ended.

The report suggested that most (93%) casino purchasing activity was directed toward local economies. Net profits were \$16,032,890. Most of these funds supported a variety of tribal programs, such as health care, human services, and economic development. The tribal officials reported that 27% of their 3,028,220 annual customers came from other states, while 36% came from other countries. However, only 36% came from over 101 miles to the casinos. Half of the gaming visitors were reported to have spent evenings in local motels that were not on reservation lands.

Tribal leaders responded to questions by saying that casinos had “very high positive impact” on tribal employment, economic development in surrounding communities, increased self-sufficiency, and increased tourism.

4. A study entitled *The Economic Benefits of American Indian Gaming Facilities in Wisconsin* was published in March 1993. It was sponsored by the Wisconsin Indian Gaming Association and the University of Wisconsin Cooperative Extension Service. It was conducted by economist James M. Murray. Murray utilized an input-output model to analyze information gathered through voluntary cooperation of nine of the 11 tribes in the state. A series of forms was completed by these nine tribes. They solicited information on employees, customers, gaming facilities, and tribal expenditures. Data were reported collectively to protect confidentiality.

Beyond direct employment data, the report indicated indirect benefits — employment and sales — that come to businesses in the state as a result of casinos. The information received was multiplied by a factor to estimate impacts from the 15 casinos on all 11 tribal reservations. The report suggested that collective gaming revenues for the reservations were \$275 million. After expenses, the tribes realized net revenues of \$135 million. Some 4,500 persons were directly employed by the casinos — with average wages of \$15,196, for a payroll of \$68,385,336. Employees paid \$2.1 million in federal income tax and \$3.6 million in Social Security and pension funds.

Murray examined the household expenditures of the wage earners and concluded that their spending supported 910 additional jobs. The tribes purchased \$62 million worth of goods for the casinos. Most purchases (\$56.4 million, or 91%) were from Wisconsin suppliers. Most (62%) of these purchases were from suppliers within 30 miles of the casinos. This spending was credited with generating another 470 jobs. The report also indicated that 97% of construction spending was given to state firms. The impact study recognized the benefit of the construction jobs.

The gaming revenues constituted from 40% to 90% of the revenues for the 11 tribes. Murray concluded that 1,400 of the tribal governments' 2,000 jobs were a consequence of casino gaming. Gaming was a timely discovery, as it gave tribes revenues that were being cut by the federal government in the 1980s. Wages also resulted in reduced welfare and unemployment compensation benefits for many of the employees. Murray found that 1,400 of the 4,500 employees were removed from unemployment rolls and 20% were taken off welfare payment programs. Murray indicated that the source of these employees' income had been shifted away from government taxes (50% federal and 50% state) to casino customers.

The study found that 17% of the customers were from out of state. In-state gamers spent an additional \$210 million on casino activities, while visitors spent an additional \$67 million. This spending supported an additional 5,603 jobs in the state. The research could not determine that the spending of casino players came about solely because they made visits to the casino areas in order to gamble. They may have come and spent even if there were no casinos. The bottom line was that the casinos directly helped generate 10,239 (full-time equivalent, or FTE) jobs, while a multiplier effect led to an additional 22,863 jobs. The source of the multiplier ratio was not identified. Out-of-state gamers were responsible for the creation of 5,627 of the jobs.

CRITIQUES OF IMPACT STUDIES

The studies of the impact of Native American reservation gaming were made by serious investigators. They were serious attempts to find answers. However, the questions asked were not asked by independent, impartial, outside observers. Rather, they were asked by the gaming tribes themselves. The questions involved the direct *benefits* of reservation casinos, the numbers of jobs created by the casinos — directly and indirectly — and the amount of money spent by players, by the tribe, and by gaming employees. Added together, the investigators determined the total financial benefits the casinos *added* to the economy of the community or state.

The tribes asked the questions, and they were given honest answers on the basis of information they provided to the researchers. Certainly, much of the information they gave to the researchers was good information. However, some of the information should have been independently examined. And the questions asked may have been good questions — but other questions were not asked, and other questions must be asked if researchers can truly assess the economic impact of gaming on the communities and states involved.

Quite simply, the unasked questions include the first basic question posed above: what is the source of the gambling money? Only James Murray broke casino revenues down to those generated by in-state (75.6%) and out-of-state-gamers (24.3%). The other studies referred to numbers of in-state and out-of-state gamblers, but their suggestions are rather suspect. The Minnesota (Sodak) study asserted

that as many as 90% of the gamers in some of the casinos were from out of state. Then it said that 360,000 out-of-state visitors gambled at the casinos one year. In that year, the gamers lost \$180 million to the casinos. If each gamer spent \$50 on each trip, there were 3,600,000 gamers. Hence, 10% were from out of state. Canadians exchanged \$3 million of their money for United States currency. First, compared with the \$180 million win, that is a very small sum. Second, the researchers did not say the money changed in one direction. The Canadian gaming loss could have been less than 1% of the casinos' annual win, if the exchange was two-way.

In the Michigan study, it was suggested that 27% of the gamers came from other states and 36% came from other countries. Only 37% were Michigan residents. The numbers supplied by the tribes were preposterous. Michigan's casinos, with one exception, are not near populated borders. They are not near international or interstate airports either.

The Wisconsin study's 17% out-of-state number has a realistic ring (certainly more than the portion identified in other studies), but the methodology for finding it should be revealed. While the number seems accurate, the researchers stopped their analysis without asking about the impact of the spending of the resident 83% gamers has on other businesses in the state. There are positive multipliers for casino jobs; there must be negative multipliers for money taken away from other spending locations in the state. Also, Murray overestimates the positive job creation of casinos by tracing through a spending cycle indicating spin-off jobs. Then he applies a multiplier to all the spin-off jobs. The spin-off jobs are the result of the casino multiplier; they are a result, not a cause, of job creation.

The studies all neglect to discount the economic benefits of the states for the effect of money that leaves the states as a result of casino gaming. Although it seems unfair to consider it a negative, to properly analyze impacts, we must consider what Murray tells us. When a casino worker is taken off federally supported welfare programs, in-state customer money replaces money that had been introduced to the state through the federal budget. Also, wages of the workers are subject to federal income tax and Social Security withdrawals. This money also leaves the state.

Indicated amounts purchased from out-of-state suppliers were always very low. Yet almost all gaming supplies come from outside. The biggest supply item is the slot machine. Each costs between \$5,000 and \$6,000. If Wisconsin casinos have 8,825 slot machines, Wisconsin casinos have imported 8,825 slot machines to Wisconsin, and they have exported between \$44,125,000 and \$52,950,000 from the state. The studies also neglect the amount of state money that leaves states into the pockets of contract managers of some of the casinos. The Michigan study neglected leakage to the economy resulting from the fact that slot machines were leased for as much as 50% of the win of the machine.

The studies also omit any consideration of social costs that may attend the presence of their casinos. The omissions are purposeful, and they are explicitly recognized in several of the studies. In Murray's study, problem gambling is simply passed off with the statement that adults are adults and they should be able to freely choose to participate in gaming activity as they desire. Whether one agrees or disagrees with this statement (and we certainly do, if free choice is truly present), this statement begs the question. No matter how adult one's gambling behavior is, when it becomes compulsive behavior, it contains social costs to which some financial figures must be attached. Exactly what those figures are is a serious concern for researchers. The costs are real and should not be totally ignored.

The bottom line is that the studies cited completely neglected not only social costs, but also the most basic idea that the exportation of resources from a jurisdiction does have negative economic impacts for the jurisdiction. These must be subtracted from the positive impact so readily identified by the researchers at the request of the sponsors of their studies.

THE SURVEY: METHODOLOGY

The goal of this study from its inception has been to determine the net value of the impact of

Native American gaming operations on the economy of the state of Wisconsin. The information gained and presented below allows researchers to offer an estimate of those impacts. Several factors preclude this study from making definitive determinations. All studies, past and future, will have limitations. For that reason, it is important that studies continue to examine the questions presented here for analysis.

To be viable, all economic studies have to identify their limitations. As with the other economic studies that have been critiqued, ours is a study of a “moving target.” We may wish that the results offered could be frozen in time, but the findings may truly be offered only as our assessment of the impacts at the point in time of our study — the latter months of 1994. We annualized the results in the context of the year 1994.

As indicated at the outset, we did not have access to financial information that the tribes give to the Wisconsin Gaming Commission. Therefore, we must make assumptions regarding the revenues of the casinos, their payrolls, and how they expend their funds on purchasing and in other activities. The assumptions are derived from the activities of other casinos in other jurisdictions. Admittedly, the Wisconsin casinos have unique qualities; however, their gambling products are available in many places — including places where financial information *is* released to the public. The researchers have the benefit of access to public data regarding Nevada casinos and of having participated in economic feasibility studies for proposed casino projects in Louisiana, Mississippi, and Indiana — for both land-based and riverboat casinos. One co-researcher has also participated as an expert witness on behalf of Native American reservations seeking compacts in five states (but not Wisconsin).

Other studies have ignored or glossed over the input portion of input-output analysis. Our study focuses upon player behavior. We feel it is essential to identify how much money is extracted from the economy in order to produce the economic outputs of the gambling enterprises. These extracted funds and their economic impacts must be subtracted from the benefits side of the gaming equation in order to determine the net economic impact we are seeking.

In assessing player behavior, we also faced limitations. We had time and staff constraints that required our study to seek information from players in a randomized manner at selected casino locations. We aimed to personally interview players at both urban and rural casinos, at large and small casinos, and at different hours of the day and night, as well as during the summer season and after the summer season had ended. While we wished to provide a balanced order to the times and places where interviewing took place, we also had to have the cooperation of tribal and casino authorities to conduct our interviews. Interviews took place at the tribal gaming facilities. The cooperation element bounded our information-collection efforts. To widen our desires to have a generally representative sample of data, we included license-plate counts, which could be made on the periphery of the casino establishments.

THE SURVEY: CHRONOLOGY

I. In May 1994, the project leader and the survey manager visited several reservations and casino facilities and met with key tribal personnel to explain the project and seek cooperation. On May 24, we visited the Menominee gaming facilities and tribal offices and met with Chairman Glen Miller. We also met with Rick Hill, Oneida gaming leader and chairman of the National Indian Gaming Association, at the Oneida’s gaming complex in Green Bay. On May 25, we visited Ho-Chunk (Winnebago) casino facilities in Nekoosa, Black River Falls, and Baraboo (Wisconsin Dells). We visited the tribal headquarters at Black River Falls and discussed the project with Jo Deen Lowe, tribal attorney. We also met Tribal Chairperson Jo Anne Jones. On May 25, we met with President John Burke and marketing director Monica Schick of Omni Bingo, Inc., managers of the Potawatomi Bingo and Casino facility in Milwaukee.

We explained our project to these individuals and emphasized the need for an independent investigation of the impact of their enterprises. We did offer to add questions to our survey if they had particular items they wished to learn from their customers. (No casino took advantage of that

opportunity.) We also indicated that we would share our results with them.

Mr. Miller indicated that he could allow us to make interviews at the Menominees' facilities only if our project won the endorsement of the Wisconsin Indian Gaming Association. He gave us the names of the Association's officers, and he indicated when they would be meeting. We attempted many times to make contact with the Association's leaders, but were unable to do so in a timely manner such that we could make a case for their approval in time for the survey. Miller also suggested that the study was unnecessary, as it had already been made by Dr. Murray. He added that he had to be suspicious of our study, because he did not know the results and how the results were going to be used. He considered it risky to have outsiders studying reservation gaming. We could only offer that our research effort would be an independent one. We did not know what the results would be before the data were collected and the analysis was complete.

We were quite pleased that Messrs. Hill and Gollnick reacted to the survey in an almost totally opposite manner. They encouraged us. They also shared National Indian Gaming Association publications with us. They indicated that the Oneidas would be cooperative and would help us coordinate our interview process so that it could be both effective and so that it would not subtract from player enjoyment of gaming activity. In Black River Falls, we were given a similar reception from the tribal attorney. Jo Deen Lowe suggested that the Ho-Chunk tribal council would have to formally approve the survey before we could interview at their facilities, but she was encouraging. We also met tribal chairperson Jo Ann Jones. John Burke of Omni pledged complete cooperation with the project survey.

2. In early June, we designed our questionnaire. It is reproduced in the Appendix.
3. In late June, we followed up the contacts that we had made on our first trip to Wisconsin. We wrote the individuals above and sent them a draft of our questionnaire. We then tried to telephone each and make appointments for our survey team to visit their facilities. Oneida personnel were unavailable due to Mr. Hill's extensive travel schedule, so we were unable to schedule first-round surveying in Green Bay. Several attempts to contact Mr. Miller were futile, and when we made contact with the officers of the Wisconsin Indian Gaming Commission, it was too late to have our survey included on an agenda in time for scheduling interviews at the Menominees' facility. We subsequently learned that the Ho-Chunk tribe was in a major crisis regarding their contract with an outside management company. Our timing in seeking their cooperation was, to say the least, unfortunate. When we finally reestablished contact with the tribal attorney, we were informed that the tribal council would not allow us to come to their facilities to conduct interviews.

Mr. Burke was totally cooperative, and when he learned of our communication difficulties, he offered to help us gain access to the Forest County Potawatomi casino in Carter. His company also managed the casino at the time. They were bought out of their contract at the end of 1994.

4. We finished the questionnaire and organized the survey team for visits to the Potawatomi casinos in Milwaukee and Carter for late August and for Labor Day weekend in September.
5. First surveys and car counts were conducted. On August 30, 77 players were interviewed in Carter; on September 2, 145 were interviewed in Milwaukee. Players were selected in alternating order and asked if they would participate in the survey. For their effort, they were given a two-dollar coupon toward the purchase of any item at the snack shop or gift shop. The survey took players approximately 10 minutes to complete. On August 31, at 11 a.m., we took a single count of 69 cars at one players' parking lot in Baraboo; on September 3, we counted 1,046 cars in Green Bay.
6. In September, the project leader met with Rick Hill, Bill Gollnick, and tribal chairperson Debbie Doxstader of the Oneidas at the International Gaming Exposition in Las Vegas. The Oneidas renewed their offer to cooperate, and initial arrangements were made for interviews to take place in late October

and early November.

7. The second round of interviews resulted in surveys of 121 in Carter, 166 in Milwaukee, and 186 in Green Bay. On October 28, at 2 p.m., 192 cars were counted at the Ho-Chunk casino in Baraboo. On November 2, we counted cars at northern casinos: 55 at Mole Lake (2 casinos), 98 at Bowler, and 34 at Lac du Flambeau.

SURVEY RESULTS

The survey teams interviewed 697 individuals at the three gaming halls. Nearly 80% of these (556, or 79.8%) were Wisconsin residents, while 105 (15.1%) were from the adjacent states of Michigan, Illinois, Iowa, and Minnesota. Thirty-six (5.2%) were from other states. No foreign visitors were interviewed or discovered by the interviewers.

Of those interviewed, 259 (37.2%) lived within 35 miles of the casino. All were Wisconsin residents. Of the 438 living a further distance away, 297 (42.6%) were Wisconsin residents, while 141 (20.2%) were from out of state. The designation of these three groups — referred to as locals, Wisconsin non-locals, and out-of-staters — will be essential to the following analysis.

We arbitrarily selected 35 miles as a boundary for the “local” area. We believe this represents a reasonable radius, because many essential economic activities such as shopping for food and other items needed for daily life occur within this distance and this represents a maximum commuting distance for a

TABLE 2 **Distribution of Players by Distance of Residency**

	Number			Percent		
	<i>Wisconsin</i>	<i>Other States</i>	<i>TOTAL</i>	<i>Wisconsin</i>	<i>Other States</i>	<i>TOTAL</i>
Within 35 Miles	259	0	259	46.6%	0.0%	37.2%
Between 35 and 50 Miles	83	7	90	14.9	5.0	12.9
Between 50 and 100 Miles	116	44	160	20.9	31.2	23.0
More Than 100 Miles	98	90	188	17.6	63.8	27.0
TOTAL	556	141	697	100.0	100.0	100.0

TABLE 3 **Residential Location of Players by License-Plate Counts**

Location <i>Date and Time of Survey</i>	Number			Percent		
	<i>Wisconsin</i>	<i>Other States</i>	<i>TOTAL</i>	<i>Wisconsin</i>	<i>Other States</i>	<i>TOTAL</i>
Ho-Chunk, Baraboo <i>Wed., 8/31/94, 11 a.m.</i>	48	21	69	69.57%	30.43%	100.00%
Oneida, Green Bay <i>Sat., 9/3/94, 3 p.m.</i>	430	70	500	86.00	14.00	100.00
Oneida, Green Bay <i>Sun., 9/4/94, 8:45 p.m.</i>	455	91	546	83.33	16.67	100.00
Ho-Chunk, Baraboo <i>Fri., 10/28/94, 2 p.m.</i>	155	37	192	80.73	19.27	100.00
Grand Royale and Regency, Crandon <i>Wed., 11/2/94</i>	54	1	55	98.18	1.82	100.00
Mohican North Star, Bowler <i>Wed., 11/2/94</i>	98	0	98	100.00	0.00	100.00
Lac du Flambeau <i>Wed., 11/2/94</i>	29	6	35	82.86	17.14	100.00
TOTAL	1,269	226	1,495	84.88	15.12	100.00

preponderance of the work force. This is the area where people earn and spend most of their disposable income.

The license-plate survey revealed that 1,269 cars (84.88%) were from Wisconsin (including cars with local tribal plates), while 226 (15.12%) were from other states (all within the United States). Over 80% of the plates were from Wisconsin for each of the survey places and times, except for the August count at the Ho-Chunk Casino in Baraboo. There, 48 cars (69.57%) had Wisconsin plates, while 21 (30.43) had out-of-state plates.

OTHER DEMOGRAPHIC FACTORS

Table 4 on the facing page provides further demographic characteristics of the respondents. Most (62.6%) were females and their average age was 60 years, with the median age being 57 years. Almost two-thirds were married. A large majority — five out of six — were white, while 8.3% were African American, 5.8% Native American, and less than 2% were Hispanic or Asian. More than one-third of the respondents were retired, while blue-collar occupations led among the others (followed by white-collar jobs and clerical employees). Professionals accounted for only 5.3%, with fewer self-employed. One in eight considered themselves to be “housewives” or “homemakers.” Forty-three percent had attended college, while 42.2% were high-school graduates. The average person interviewed had a household income between \$20,000 and \$30,000 per year. More than one-fourth had incomes below \$20,000, with 10% below \$10,000. Only one in eight had incomes above \$60,000.

This profile of Wisconsin gamblers reveals less affluent and older gamers than reported in a recent national survey by the Harrah's casino organization. That survey found equal numbers of males and females, with an average age of 47 years, and incomes approaching \$50,000.

TRAVEL ACTIVITY OF PLAYERS

The non-locals of both Wisconsin and out-of-state areas were asked about their travel plans. About 90% (386) of the visitors made travel plans for the visit within 30 days of their arrival at the casinos; 157 of these planned the trip either the same day or the day before the visit.

Of those responding, 312 (73.8%) made a visit of less than one day; each visit averaged approximately four hours in the casinos. On the other hand, 111 (26.2%) stayed longer than one day. Most (105) stayed from one to three days. Eighty-five stayed overnight in local hotels and motels.

Of the non-locals responding, 333 (77.3%) came to the area specifically to visit the casino; 98 (22.7%) came for other reasons. The other reasons included visiting relatives and friends, hunting and travel, shopping, and business purposes. Of the non-locals, 41.2% would have visited the area even if there were no casinos.

The overwhelming majority of those questioned (85.8%) had visited the casino before — 96.4% of the locals, 87.7% of the non-local Wisconsin residents, and 81.2% of the out-of-staters. The median number of visits for the locals was 52; for the non-local Wisconsin residents, 24 times; for the out-of-staters, 12 times. These players had also visited other casinos — 86.5% had visited other Wisconsin casinos, 6.5% had visited casinos in adjacent states, and 9.9% Nevada or New Jersey casinos. Of those who were on their first visit, 56.1% indicated that they planned future casino visits. The overwhelming majority (84.2%) indicated that they would keep coming to the casino even if another casino was opened closer to their home. More than three-fourths (77.6%) indicated that they would gamble someplace else if the casino where they were was not open. Most indicated that they would gamble at other Wisconsin casinos, while 44.6% said they would gamble at casinos in other jurisdictions.

TABLE 4 The Demographics of Casino Gamblers in Wisconsin

	Number				Percent			
	<i>Wisconsin</i> Locals	<i>Non-Locals</i>	<i>Other</i> States	<i>TOTAL</i>	<i>Wisconsin</i> Locals	<i>Non-Locals</i>	<i>Other</i> States	<i>TOTAL</i>
Gender								
Male	93	131	33	257	36.5%	44.9%	23.6%	37.4%
Female	162	161	107	430	63.5	55.1	76.4	62.6
Age								
Less Than 40 Yrs. Old	29	35	13	77	13.9	13.8	15.5	14.1
40-49	45	32	20	97	21.5	12.6	23.8	17.8
50-59	35	39	21	95	16.7	15.4	25.0	17.4
60-69	51	82	20	153	24.4	32.4	23.8	28.0
70+	49	65	10	124	23.4	25.7	11.9	22.7
<i>Mean</i>	57	58.8	54					
Race								
White	195	266	107	568	77.1	92.4	81.1	84.4
African American	40	3	13	56	15.8	1.0	9.8	8.3
Native American	14	18	7	39	5.5	6.3	5.3	5.8
Other	4	1	5	10	1.6	0.3	3.8	1.5
Marital Status								
Married	152	218	85	455	59.4	74.9	61.2	66.3
Not Married	104	73	54	231	40.6	25.1	38.8	33.7
Occupation								
Professional	11	19	5	35	4.4	6.7	3.9	5.3
White-Collar	41	31	28	100	16.5	10.9	21.7	15.1
Blue-Collar	40	51	25	116	16.1	17.9	19.4	17.5
Clerical	17	13	13	43	6.8	4.6	10.1	6.5
Self-Employed	4	8	9	21	1.6	2.8	7.0	3.2
Homemaker	35	37	19	91	14.1	13.0	14.7	13.7
Retired	92	123	28	243	36.9	43.2	21.7	36.7
Unemployed/Disabled	9	3	2	14	3.6	1.1	1.6	2.1
Education								
Less Than High School	27	40	15	82	10.5	13.7	10.9	12.0
High-School Graduate	113	130	46	289	44.1	44.5	33.6	42.2
Some College	73	84	54	211	28.5	28.8	39.4	30.8
College Graduate/+	43	38	22	103	16.8	13.0	16.1	15.0
Income								
Less Than \$10K/Yr.	34	24	10	68	13.7	8.7	7.8	10.4
10-19K	58	49	13	120	23.4	17.8	10.2	18.4
20-29K	51	64	23	138	20.6	23.2	18.0	21.2
30-39K	43	61	23	127	17.3	22.1	18.0	19.5
40-49K	17	23	16	56	6.9	8.3	12.5	8.6
50-59K	17	25	16	58	6.9	9.1	12.5	8.9
60K+	28	30	27	85	11.3	10.9	21.1	13.0
<i>Mean</i>	\$20-29K	\$20-29K	\$30-39K	\$20-29K				

TABLE 5 Casino Visitor Behavior by Origin

	Percent			
	<i>Wisconsin Locals</i>	<i>Non-Locals</i>	<i>Other States</i>	<i>ALL VISITORS</i>
Purpose of visit				
Visit casino	NA	77.1%	77.5%	77.3%
Other	NA	22.9	22.5	22.7
Length of stay				
Less than a day	NA	79.1	62.5	73.8
More than a day	NA	20.9	37.5	26.2
First visit to this casino				
Yes	3.6%	12.3	18.8	10.4
No	96.4	87.7	81.2	89.6
Number of visits per year				
Mean	71	46	38	55
Median	52	24	12	36
Visited other casino before				
Yes	82.6	93.1	76.1	85.8
No	17.4	6.9	23.9	14.2
Where visit other casino				
Wisconsin	77.4	80.3	41.2	72.4
Adjacent states	2.1	1.6	15.3	4.0
Nevada/New Jersey	5.1	2.9	15.3	5.7
Other single state	1.0	0.4	4.7	1.3
Wisconsin and adjacent states	5.6	9.4	10.6	8.2
Wisconsin and Nevada/New Jersey	7.2	2.0	3.5	4.2
Wisconsin and other states	0.5	2.5	2.4	1.7
Nevada/New Jersey and other states	1.0	0.8	7.1	1.9
Not visited other casino before, plan to visit in future				
Yes	48.5	71.4	60.0	56.1
No	51.5	28.6	40.0	43.9
Where will visit				
Wisconsin	93.3	70.0	83.3	83.9
Adjacent states	0.0	0.0	16.7	3.2
Nevada/New Jersey	6.7	0.0	0.0	3.2

SPENDING BEHAVIOR OF PLAYERS

We asked the players about their spending behaviors during their casino visits. We asked about their gaming expenditures and other expenditures outside the casino. We also asked about non-casino facility expenditures of the non-local visitors. Additionally, we asked the respondents to tell us about other activities on which they spent money and how the existence of casino gambling in Wisconsin affected those other expenditures.

The median amount gambled on each visit by the respondents was \$60; of players gambling less than \$500 each, the mean amount was \$94.40. Most of the players' gambling time, 58.3%, was spent with slot machines — with bingo consuming 30.7% of their time, and blackjack 10.4% of the time.

Players indicated that they spent, on the average, \$9 on food and beverages within the casino, and \$4.70 outside of the casino. More than 90% did not shop within the casino. Table 6 on pages 26 and 27 shows that most did not spend funds on other activities. However, overall, non-locals spent an average of

	Percent			
	Wisconsin Locals	Non-Locals	Other States	ALL VISITORS
Other single state	0.0	20.0	0.0	6.5
Wisconsin and adjacent states	0.0	0.0	0.0	0.0
Wisconsin and Nevada/New Jersey	0.0	10.0	0.0	3.2
Wisconsin and other states	0.0	0.0	0.0	0.0
Nevada/New Jersey and other states	0.0	0.0	0.0	0.0
Would visit this area in the absence of casino				
Yes	NA	44.1	35.3	41.2
No	NA	55.9	64.7	58.8
If casino opens close to home, would keep visiting this casino				
Yes	83.5	87.8	78.1	84.2
No	16.5	12.2	21.9	15.8
If keep visiting this casino, how often				
Same as before	82.2	83.9	82.2	83.0
Slightly less	15.7	12.0	12.9	13.5
Much less	2.0	4.1	5.0	3.5
In the absence of casino here, would gamble someplace else				
Yes	75.5	81.0	74.4	77.6
No	24.5	19.0	25.6	22.4
Where would go gambling				
Wisconsin	60.8	60.7	28.8	55.1
Adjacent states	5.8	5.8	45.0	12.7
Nevada/New Jersey	21.1	21.4	17.5	20.6
Other single state	2.9	1.0	5.0	1.3
Wisconsin and adjacent states	7.0	4.9	3.8	3.9
Wisconsin and Nevada/New Jersey	1.8	1.9	0.0	3.5
Nevada/New Jersey and other states	0.6	4.4	0.0	2.6
How often would visit other places (number of visits per year)				
Mean	23	32	32	29
Median	12	12	12	12

\$28.90 on lodging, and \$22.70 on tour bus rides.

Casino visitors indicated that they participated in other recreational activities. More than 45% said they attended movies and plays, 57.1% participated in recreational sports, and 18.7% said they dined out. Many traveled — 35.6% in Wisconsin and 41.8% out of state. Most (70.5%) said that they did not change the frequency of participation in these activities after the casino opened; 29.5% did, with most reducing participation rates. In the absence of the casino, many would increase participation in the outside activities. More than 10% of the locals would spend more on groceries if it were not for the casino, while nearly one-fourth would spend more on clothes. Thirty-seven percent said that their savings had been reduced since the casino had opened, but only 22.6% said they would save more if the casino was not open. Four out of 10 would merely find another place to gamble.

For those who would merely find another place to gamble, about two-thirds would look for other Wisconsin casinos, while one-third would look to adjacent states or Nevada and New Jersey.

TABLE 6 Spending Behavior of Players by Origin

	Percent			
	<i>Wisconsin</i>		<i>Other</i>	<i>ALL</i>
	<i>Locals</i>	<i>Non-Locals</i>	<i>States</i>	<i>VISITORS</i>
Wagering per visit (dollars)				
Mean	87.0	82.8	168.2	101.0
Median	50.0	50.0	100.0	60.0
Mean, only players \$500 or less	80.0	82.5	144.2	94.4
Percentage of players wagering \$100 or less	83.3	84.8	54.4	78.2
Average percentage of wagering by type of game				
Slots	54.2	70.2	41.5	58.3
Black Jack	6.1	17.2	5.9	10.4
Bingo	39.6	12.3	52.7	30.7
Average expenditures by visit day in dollars (percentage of visitors spending 0 dollars)				
Food and beverage within casino	6.7(26)	7.1(35.7)	17(20.1)	9.0(29.0)
Food and beverage outside casino	NA	6.3(78.0)	7.3(74.3)	4.7(82.7)
Lodging per night, per person staying more than a day	NA	28.7(91.9)	29.8(74.3)	28.9(90.6)
Shopping within casino	NA	1.1(95.6)	1.9(85.7)	1.2(92.5)
Shopping outside casino	NA	4.0(93.9)	6.3(92.1)	5.1(95.0)
Movies/shows/entertainment	NA	0.3(97.6)	0.7(95.7)	0.32(97.4)
Local transportation	NA	2.0(88.2)	2.4(89.3)	2.1(88.5)
Tour bus (among those taking a tour bus)	NA	18.0(71.0)	26(69.1)	22.9(70.0)
How many times a year enjoy other activities (percentage of visitors reporting 0 times)				
Movies/shows/plays/etc.	16(47.5)	15(45.1)	15(44.7)	15.4(45.9)
Recreational sports	23(57.9)	36(53.9)	24(62.4)	29(57.1)
Dining out	53(19.7)	67(15.8)	76(22.7)	64(18.7)
Travel in Wisconsin	18(41.0)	29(28.6)	24(40.7)	24(35.6)
Travel outside Wisconsin	5(47.9)	8(36.7)	11(41.1)	7(41.8)

WISCONSIN GAMING REVENUES

From the survey results and from assumptions built upon gambling experiences in other jurisdictions, we conclude that the 17 Wisconsin casinos have a likely gaming revenue of \$605,400,000 annually. We suggest that the casinos attract an additional 10% — or \$60,540,000 — in non-gaming revenue.

Circumstances surrounding Native American gaming throughout the United States preclude the utilization of certifiably accurate figures on casino revenues for the purposes of making economic impact assessments, but we do have many reference points from which we can build solid estimates of gaming receipts in Wisconsin. We have information on gaming performances of casinos in other jurisdictions, and by using unofficial secondary sources, we have been able to determine the number of machines, blackjack tables, bingo hall seats, and gaming-floor space in Wisconsin. We have developed high, low, and expected scenarios for Wisconsin. All the scenarios present the case that Wisconsin casinos perform at a modest-to-average level for casinos in the Midwest and in the United States generally.

The 17 casinos analyzed in this report collectively have 349 blackjack tables and 8,825 slot (and video) machines. Thirteen of the 17 have bingo halls. Information on 12 indicates 6,710 seats. We assume a total of 7,000 seats for all 13. Sixteen of the 17 casinos are reported to have gaming-floor space

	Percent			
	<i>Wisconsin</i>		<i>Other</i>	<i>ALL</i>
	<i>Locals</i>	<i>Non-Locals</i>	<i>States</i>	<i>VISITORS</i>
After casino open, did you change frequency of other activities				
Yes	34.5	24.3	31.9	29.5
No	65.5	75.7	68.1	70.5
Percentage of players who reduced activities (among those who changed frequency)				
Movies/shows/plays/etc.	81.6	81.0	86.7	82.4
Recreational sports	80.0	57.1	86.7	73.2
Dining out	61.3	35.7	35.3	46.1
Travel in Wisconsin	50.0	25.8	7.7	27.7
Travel outside Wisconsin	78.3	58.3	38.5	61.7
Percentage of players reporting how casino opening affected savings				
No change	54.7	54.5	44.5	52.7
Reduced	37.8	35.3	40.0	37.1
Increased	7.6	10.2	15.5	10.2
Average decrease among those reporting reduction in savings	\$1,595	\$1,274	\$826	\$1,390
Median decrease among those reporting reduction in savings	\$800	\$700	\$400	\$600
Percentage of players who would increase spending in activity in the absence of casino in Wisconsin				
Movies/shows	16.3	13.7	13.1	14.6
Dine out more often	30.7	33.3	18.5	29.5
Buy more groceries	10.1	4.8	10.0	7.8
Travel more	28.4	37.5	31.8	32.9
Shop for clothes	24.5	16.8	20.8	20.5
Save more	23.3	22.7	20.8	22.6
Visit other casinos	38.9	36.1	51.5	40.1

of 416,800 square feet. We assume a total of 442,850 square feet of gaming space for all 17 casinos.

Gaming tables produce wins of less than \$100,000 per year to more than \$1 million per year in varying jurisdictions. Blackjack games tend to do less well than craps or baccarat games. In all of Nevada, tables win close to \$500,000 per year, but blackjack tables win only \$282,022. On the Las Vegas Strip, blackjack tables win \$457,080. Atlantic City blackjack tables do somewhat better than those on the Strip. All Illinois tables attract an average revenue of \$795,000 per table each year, but blackjack tables win less than this amount. We offer as a low estimate for Wisconsin \$250,000 per blackjack table, a high estimate of \$450,000, and an expected estimate of \$350,000.

Slot machines produce daily wins from approximately \$75 in Nevada to more than \$425 at Foxwoods in Connecticut. Annualized wins have a wide range: \$27,000 statewide in Nevada, \$32,553 in Michigan casinos, \$34,594 on the Las Vegas Strip, \$65,000 on Illinois riverboats, \$73,000 at Minnesota's Mystic Lake casino, \$90,000 in Atlantic City, \$100,000 in the Milwaukee Potawatomi gaming hall, and \$155,000 at Foxwoods. Some of these numbers come from official reports (Nevada, Illinois) and others from newspaper stories and estimates given in public meetings by casino officials. Our analysis assumes Michigan performance for the low estimate (\$32,553) and Mystic Lake for the high estimate (\$73,000). The expected estimate is \$50,000 per machine per year.

TABLE 7 Gaming-Revenue Estimates

Type of Gambling	Tables	Machines	Bingo	TOTAL
Low	\$ 87,250,000	\$287,280,230	\$28,000,000	\$402,530,000
Expected	122,150,000	441,250,000	42,000,000	605,400,000
High	157,050,000	644,225,000	56,000,000	857,275,000

TABLE 8 Expenditures Outside Casinos

	\$ Millions
Lodging	36.70
Food and Beverages	8.60
Shopping	6.20
Entertainment	0.35
Transportation	24.20
Tour Bus	54.50
TOTAL	130.55

The Milwaukee bingo hall has 2,000 seats and produces annual bingo wins of \$24 million, for a per seat average of \$12,000. While the Milwaukee seats represent more than 28% of Wisconsin's Native American bingo seats and the revenues must be figured into our estimates, we consider the revenues to be much better than those of other Native American casinos. Our low-win estimate is \$4,000 per seat, with \$8,000 per seat at our high-estimate end and expected revenues to be \$6,000 per seat — or, one-half the Milwaukee revenues.

The expected-revenue figure survives a reality check by square-footage measurements. Statewide, the casinos of Nevada win \$1,250 per square foot, while Strip casinos win \$1,844; Illinois riverboats win just

over \$3,000, while Atlantic City casinos experience wins in excess of \$3,900. Our expected-revenue estimate results in a square-footage revenue production of \$1,367. Our survey results suggest higher figures, however, if we project that players lose an average of \$50 per visit (compared with Illinois losses of \$58). This would mean casinos welcoming 12 million visitors each year would produce wins of \$600 million. Newspaper reports indicate that there are more than three million visitors each to the Turtle Lake and Oneida facilities, and one-and-one-half million visitors to the Milwaukee casino. Our numbers appear to be both reasonable and conservative.

Players also spend money outside the casino because of their visits to the casino. From our survey, we have calculated that non-local visitors spend \$36.7 million in lodging, \$8.6 million in food and beverages outside the casino, \$24.2 million in transportation within the local area, \$54.5 million in tour bus, \$6.2 million in shopping, and \$0.35 million in entertainment. This brings an additional \$130.55 million into the local areas.

ECONOMIC IMPACT OF CASINOS

The economic impact of Native American gaming in Wisconsin is divided into three levels of analysis: the entire state of Wisconsin, areas within 35 miles of the casinos (local), and Wisconsin areas not within 35 miles of the casinos (non-local, or rest-of-the-state). This approach will help us understand the spatial economic impact of casinos in Wisconsin. However, the results for the local and rest-of-the-state areas must be analyzed carefully because we are dealing with hypothetical constructs. There is an overlapping spatial dimension in the analysis that finds double roles played by the population across the state. In some cases, players are locals — as they live near one casino — but they are non-locals if they travel to other casinos outside their area. For example, Milwaukee is the setting of a small casino and as such would be classified as a local area. Nevertheless, due to the small size of the casino, there are many Milwaukee residents who gamble in other casinos across the state. In this way, Milwaukee is both a local area as well as part of the rest-of-the-state area.

In calculating the economic impact on the three areas (state as a whole, local areas, rest-of-the-state areas), we determine first the positive economic impact (direct and indirect). Second, we determine the negative economic impact (direct and indirect). Subtracting the latter from the former, we determine first the total net impact of the presence of casino gaming on the entire state of Wisconsin; second, on the local areas within 35 miles of the casinos; third, on the remaining rest-of-the-state area.

The positive direct impact consists of all monetary income generated by casino operations as well as expenditures in non-casino businesses made by visitors (non-locals) on their travels to the casinos. The direct positive impact reflects the expenditures made by the casinos (on wages and salaries, expenditures on supplies purchased from local vendors, maintenance, local purchases of food and beverages, advertisement, insurance, utilities, new construction, local expenditures by tribes' governments, etc.) and visitors' expenditures in non-casino businesses (on lodging, food and beverage outside the casino, shopping outside the casino, entertainment outside the casino, local transportation, and the tour bus provided by local companies). The indirect impact is due to secondary, tertiary, and subsequent rounds of spending in the economy after the direct expenditures take place (the multiplier effect). A specific multiplier for casino activities is not available for Wisconsin or any other area of the United States. Therefore, we encountered a problem in determining the indirect impacts of the direct expenditures by the casinos. The solution to calculating the indirect impact in the economy was found by separating casinos (direct expenditures) by type (wages and salaries, supplies, construction, etc.) and then applying known multipliers to each of these economic activities.

Throughout our analysis, we have utilized RIMS II Regional Multipliers calculated by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). The BEA calculates and publishes output, earnings, and employment multipliers for each major sector in the economy in each state, as well as each county, of the U.S. For purposes of simplicity, we are using the Wisconsin statewide multipliers in our analysis. Multipliers are expressed as numbers. For instance, the retail output multiplier for Wisconsin is 2.0376. This means that each new one dollar in retail sales will generate an additional \$1.0376 in output for the state's economy. Similarly, the Wisconsin jobs multiplier for the retail sector is determined by adding 55.8 jobs in all sectors of the economy for each one million dollars in retail output.⁴⁹

The net economic impact, as stated before, is the sum of the positive and negative economic impacts. Figure 1 below summarizes this impact, while Figure 2 on the next page shows the composition (parts) of the direct economic impact. The indirect impact is calculated by applying the respective multipliers for each type of direct expenditures.

The negative impact, as in the case of the positive impact, is also the sum of direct and indirect effects. There are two major negative effects to be calculated. First, the foregone local business expenditures due to residents' gambling activities. It is important to note that we have included local gambling activities in the positive economic effects described above. However, these activities are financed by income that otherwise would have been spent on other activities. It is not easy to determine what sectors in the economy suffer due to this shift of expenditures from many other businesses into

FIGURE 1

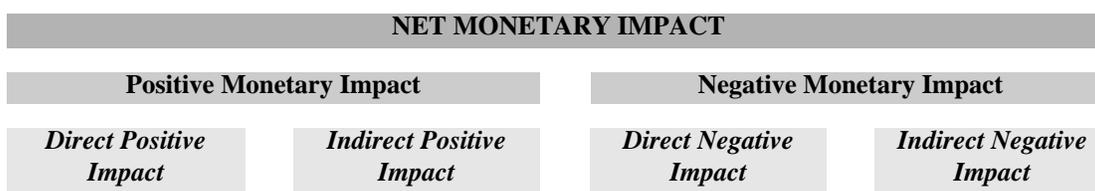


FIGURE 2

DIRECT POSITIVE IMPACT**Casino Expenditures
(Locally)**

Wages and Salaries
Supplies
Maintenance
Food and Beverages
Advertisement
Insurance
Utilities
Other
New Construction
Tribes' Expenditures

**Visitors' Non-Casino
Expenditures**

Lodging
Food and Beverages
Shopping
Entertainment
Transportation
Tour Bus

FIGURE 3

DIRECT NEGATIVE IMPACT**Wisconsin
Residents'
Expenditures**

Gambling
Lodging
Food and Beverages
(Both Within and
Outside Casino)
Shopping
Entertainment
Transportation
Tour Bus

**Non-Casino
Tourists**

Gambling
Lodging
Food and Beverages
(Both Within and
Outside Casino)
Shopping
Entertainment
Transportation
Tour Bus

gambling activities. Nevertheless, the survey results suggest that many businesses in the local economy would face higher demand if casino gambling was not available in a convenient way.

In this study, we assume that local residents' casino expenditures come from their global budget, a percentage of their total income. In this case, if they do not gamble, the gambling money would be proportionately distributed among all other expenditures households generally have. For this study, we assume that households in Wisconsin do not differ from households in the rest of the country and that their expenditure pattern is the same as the one published in the *Consumer Expenditures in 1991, U.S. Department of Labor, Report 835*.

There is, however, a fraction of residents who would travel someplace else to gamble in the absence of local casinos. The survey responses suggest that they would gamble somewhere else half as often as they gamble locally. Therefore, half of the expenditures of those resident gamblers who would go outside the area to gamble in the absence of the local casino are not accounted for in the negative effect. These expenditures (accounted for on the positive side) would have been foregone in the local area in the absence of local casino gambling and do not represent a leakage from the local economy. The second negative effect deals with expenditures by non-locals and out-of-state visitors who would have visited the area even in the absence of the casino. These visitors are those who answer that "visiting the casino" is not their primary purpose for being in the area. Their expenditures accounted in

the positive side do not represent "new income" for the area, since they would have spent it in the local economy anyway. There is a shift of these expenditures from local, non-casino businesses into the casino activities. In this case, local businesses such as restaurants, bars, movie theaters, etc., lose money to the casinos, and their foregone income is accounted in the negative side as well. Figure 3 above summarizes the composition of the negative effects.

(The separate calculations of net economic impact for the local area and for the rest-of-the-state area may be totaled in order to assess the impact on the entire state. However, the figures presented in the tables below do not permit simple adding to find the cumulative number for the state. This is because we must subtract out of the positive total of the local area the spending of visitors — both out-of-staters and those from the rest of the state — who would have come to the casino areas even if there had been no casinos. When we calculate the state impact overall, however, we do not subtract out the spending of the rest of the state visitors, only the spending of the out-of-staters.)

**TABLE 9 Distribution of Expenditures
by Origin of Purchases**

	\$ Millions		
	<i>Wisconsin</i>		<i>Out of</i>
	Local	Non-Local	State
Wages and Salaries	144.00	16.00	0.00
Supplies	17.60	8.80	2.90
Maintenance	17.60	8.80	2.90
Food and Beverages	13.10	6.60	2.20
Advertisement	13.10	6.60	2.20
Insurance	7.30	0.00	0.00
Utilities	4.40	0.00	0.00
Other (replacement slots and equipment)	6.40	3.20	22.50
Management Costs	28.70	7.20	0.00
Per Capita Distribution of Income	14.40	10.80	10.80
New Construction	18.00	9.00	3.00
Tribes Expenditures'	180.15	77.21	0.00
TOTAL	<i>464.75</i>	<i>154.21</i>	<i>46.50</i>

The direct, positive economic impact depends on how the casinos spend in the local economy (or in Wisconsin, when the impact is measured for the state as a whole) and the expenditures visitors make in all other non-casino businesses. Table 9 above describes the distribution of casino expenditures among local (within 35 miles), non-local (rest of Wisconsin), and out-of-state economies. This division is based on data from casinos in other areas and data contained in Murray's study. The best data would have been actual aggregate data (to protect confidentiality) from the casinos. Unfortunately, it is not available. Nevertheless, the estimates shown in Table 9 are consistent with data from casinos in other areas of the country.

A BRIEF ILLUSTRATION OF ECONOMIC IMPACT

In this section, we measure the economic impact of Native American casinos for the entire state of Wisconsin. In order to make it easier to understand the simple input-output model we use to measure the economic impact of casino gambling, we give some examples of how the numbers are calculated. Hopefully, with these illustrations, readers will be able to follow the tables and even to reproduce the results if they desire.

The information in Table 9 shows that all casinos spent a total of \$618.96 million in Wisconsin in 1994 (\$464.75 million within 35 miles and \$154.21 million in the rest of the state). However, not all of these expenditures represent additional income in the state economy. For example, we assume that 20% of expenditures on wages and salaries leaks from the state economy in the form of federal income taxes, contributions to Social Security, etc. We also assume that part of the casinos' expenditures on supplies, food and beverages, advertisement, replacement of equipment, and new construction is spent with vendors and contractors from out of the state. A share of the per capita distribution of income also leaves the state economy, since some tribe members live in other states and spend their income there. The expenditures of visitors in non-casino businesses are based on the percentage of visitors who demand those types of goods and services reported in the survey. Expenditures on lodging is a good example of how these numbers were calculated. From the 12.1 million annual visitor-days, 37.2% (4.5 million) are local visitors who do not stay in hotels, leaving 62.8% of visitors (7.6 million) as potential demanders of hotel services. However, from these Wisconsin non-locals and out-of-state visitors, 73.7% (5.6 million)

are day-trippers, and only 26.3 percent (2.0 million) are overnight visitors. From these overnight visitors, 1.2 million stay in a hotel while 0.8 million stay with friends and relatives. In summary, from the 12.1 million visitors, only 1.2 million spend money on lodging (10.1% of the total visitors). On average, those who stay in a hotel spend \$30 per person, per night, representing a total of \$37.7 million in lodging expenditures for the whole state. The same type of calculation is performed for each different expenditure item in the positive and negative economic effects for all three areas (Wisconsin as a whole, local Wisconsin, and non-local Wisconsin).

ECONOMIC IMPACT ON WISCONSIN

Table 10 below and Tables 11 and 12 on the facing page indicate data that form the basis for the calculation of the net economic impact of Native American gaming in Wisconsin's 17 casinos upon the entire state of Wisconsin.

The casinos directly expended \$590.56 million into the Wisconsin economy. The major portions of these expenditures were for wages and tribal governmental activities, none of which were exported from the state (see Table 9). Utilizing the appropriate RIMS II model multipliers, we added indirect expenditures to this number, resulting in a total positive impact of \$1,209.50 million from casino

TABLE 10 Positive Economic Impact of Indian Casino Gambling in Wisconsin

	Direct Expenditures (\$ Millions)	Multiplier	Indirect Impact (\$Millions)	TOTAL IMPACT (\$ Millions)
Casino Expenditures	590.56		618.94	1,209.50
Wages and Salaries	128.00	1.91	116.66	244.66
Supplies	26.40	1.82	21.52	47.92
Maintenance (construction)	26.40	2.17	30.85	57.25
Food and Beverages	19.70	1.82	16.06	35.76
Advertisement	19.70	2.01	19.84	39.54
Insurance	7.30	2.40	10.26	17.56
Utilities	4.40	1.46	2.04	6.44
Other (replacement of equipment)	9.60	2.10	10.56	20.16
Management Contract	39.50	2.007	39.78	79.28
Per Capita Distribution of Income	25.20	1.91	22.97	48.17
New Construction	27.00	2.22	32.82	59.82
Tribe (expenditures of tribes' net income)	257.36	2.15	295.60	552.96
<i>Casino Estimated Multiplier</i>		1.82		
Expenditures Outside Casinos	99.39		101.66	201.05
Lodging	36.70	1.93	34.21	70.91
Food and Beverages	12.34	2.31	16.16	28.50
Shopping	15.96	2.04	16.56	32.52
Entertainment	3.08	1.93	2.87	5.94
Transportation	7.99	2.02	8.13	16.12
Tour Bus	23.52	2.02	23.73	47.05
<i>Average Multiplier for Expenditures Outside Casinos</i>		2.02		
TOTAL POSITIVE ECONOMIC IMPACT	689.95		720.60	1,410.55

TABLE 11 Negative Economic Impact of Indian Casino Gambling in Wisconsin

	Number of visitors			Expen- diture	Direct (\$M)	Impact		
	Local (1,000)	Non- Local (1,000)	TOTAL (1,000)	Per Visit Day (\$1)		Multi- plier	Indirect (\$M)	TOTAL (\$M)
Wisconsin Residents' Expenditures					514.40		484.22	998.62
Gambling Income	3,992	3,826	7,748	50	387.38	1.91	353.05	740.42
Lodging	0	400	400	30	11.99	1.91	10.93	22.92
Food and Beverages Within Casino	3,992	3,826	7,748	5	38.74	2.31	50.71	89.45
Food and Beverages Outside Casino	0	842	842	7	5.89	1.91	5.37	11.26
Shopping	0	199	199	25	4.97	1.91	4.53	9.51
Entertainment	0	92	92	12	1.10	1.91	1.00	2.11
Transportation Within the Area	463	3,826	4,288	8	36.02	1.91	32.83	68.85
Tour Bus	0	1,572	1,572	18	28.30	1.91	25.79	54.10
Non-Casino Tourists					41.99		43.23	85.22
Gambling	0	550	550	53	29.35	2.01	29.64	58.99
Lodging	0	154	154	30	4.62	1.93	4.30	8.92
Food and Beverages Within Casino	0	550	550	5	2.75	2.31	3.60	6.36
Food and Beverages Outside Casino	0	141	141	7	0.99	2.31	1.30	2.29
Shopping	0	61	61	34	2.08	2.04	2.16	4.24
Entertainment	0	28	28	13	0.36	1.93	0.33	0.69
Transportation	0	59	59	11	0.65	2.02	0.66	1.31
Tour Bus*	0	92	92	13	1.20	2.02	1.22	2.42
TOTAL NEGATIVE ECONOMIC IMPACT					556.39		527.44	1,083.83

* \$13 due to the assumption that half of these expenditures occur locally

TABLE 12 Net Economic Impact of Indian Casino Gambling in Wisconsin

	\$ Millions
Total Positive Economic Impact	1,410.55
Total Negative Economic Impact	—1,083.83
Net Economic Impact Before Social and Infrastructure Costs	326.72
Low-Estimate Social Costs	160.46
Median-Estimate Social Costs	320.92
High-Estimate Social Costs	456.69
NET ECONOMIC IMPACT WITH LOW SOCIAL COSTS	166.26
NET ECONOMIC IMPACT WITH MEDIAN SOCIAL COSTS	5.80
NET ECONOMIC IMPACT WITH HIGH SOCIAL COSTS	—129.97

spending. Direct expenditures outside of the casinos — lodging, food-and-beverage purchases, shopping, entertainment, and transportation — amounted to an additional \$99.39 million generated by the presence of the casinos. Adding indirect expenditures, we calculated that these expenditures resulted in a total addition of \$201.05 million to the Wisconsin economy. Together, the total positive impact amounted to \$1,410.55 million.

This positive impact was offset by a negative impact. Wisconsin residents gambled \$387.38 million, and they spent \$38.74 million on food and beverage in the casinos and \$11.99 million in lodging and other items, resulting in total expenditures of \$514.40 million. The RIMS II multipliers yield additional indirect impacts resulting in a cumulative negative-impact total of \$998.62 million. Added to this amount is \$78.86 million, which represents direct and indirect expenditure impacts of non-Wisconsin residents who would have expended funds in Wisconsin anyway had there been no casinos. When the total negative impact (\$1,083.83 million) is subtracted from the total positive impact, we are left with a total net economic impact of \$326.72 million, before assessing social costs.

This figure is less appealing when the costs of problem gambling are included in the equation. In the fourth part of the section on Social Benefits and Costs below, we discuss the calculation of costs of problem gambling for Wisconsin. Statewide, we offer a low estimate of \$160.46 million, a medium estimate of \$320.92 million, and a high estimate of \$456.69 million. When applied against the net-impact figure just calculated, we have a resulting impact of Native American gaming on the state of Wisconsin ranging from a negative \$129.97 million (worst case) to a positive \$5.80 million (medium case), to a positive \$166.26 million (best case).

ECONOMIC IMPACT ON LOCAL AREAS OF WISCONSIN

Table 13 on the facing page, Table 14 on page 36, and Table 15 on page 37 present the information utilized in the analysis of the economic impact of Native American gaming on the local areas surrounding the 17 casinos. Direct casino expenditures amount to \$438.85 million. With appropriate multipliers indicated, the total impact of this spending amounts to \$895.71 million. Direct expenditures outside of the casinos amounted to \$87.73 million. With multipliers, this led to a total impact of \$177.53 million. The bottom-line, total positive impact amounted to \$1,073.24 million. This was discounted by a direct negative impact of \$427.51 million; when this was added to the indirect impact, the negative impact totaled \$668.83 million. By offsetting this number against the positive impact, we find a resulting net positive economic impact of \$404.41 million.

When we apply social-costs figures resulting from our analysis of problem gambling for local-area residents, we discern that the local areas in Wisconsin experience an overall positive net economic impact of between \$217.17 million (high estimate of social costs) to \$272.84 million (middle estimate) to \$338.63 million (low estimate).

**TABLE 13 Positive Economic Impact of Indian Casino Gambling
in Local Areas of Wisconsin**

	Direct Expenditures (\$ Millions)	Multiplier	Indirect Impact (\$Millions)	TOTAL IMPACT (\$ Millions)
Casino Expenditures	438.85		456.86	895.71
Wages and Salaries	115.20	1.91	104.99	220.19
Supplies	17.60	1.82	14.34	31.95
Maintenance (construction)	17.60	2.17	20.56	38.17
Food and Beverages	13.10	1.82	10.68	23.78
Advertisement	13.10	2.01	13.19	26.29
Insurance	7.30	2.40	10.26	17.56
Utilities	4.40	1.46	2.04	6.44
Other (replacement of equipment)	6.40	2.10	7.04	13.44
Management Contract	31.60	2.007	31.82	63.42
Per Capita Distribution of Income	14.40	1.91	13.12	27.52
New Construction	18.00	2.22	21.88	39.88
Tribe (expenditures of tribes' net income)	180.15	2.15	206.92	387.07
<i>Casino Estimated Multiplier</i>		1.35		
Expenditures Outside Casinos	87.73		89.79	177.53
Lodging	36.70	1.93	34.21	70.91
Food and Beverages	12.34	2.31	16.16	28.50
Shopping	15.96	2.04	16.56	32.52
Entertainment	3.08	1.93	2.87	5.94
Transportation	7.99	2.02	8.13	16.12
Tour Bus	11.66	2.02	11.87	23.53
TOTAL POSITIVE ECONOMIC IMPACT	526.59		546.65	1,073.24

TABLE 14 Negative Economic Impact of Indian Casino Gambling in Local Areas of Wisconsin

	Number of visitors			Expen- diture	Direct (\$M)	Impact		
	Local (1,000)	Non- Local (1,000)	TOTAL (1,000)	Per Visit Day (\$1)		Multi- plier	Indirect (\$M)	TOTAL (\$M)
Wisconsin Local Residents' Expenditures					219.59		207.92	427.51
Gambling Income	3,992	0	3,992	50	196.09	1.91	178.71	374.80
Lodging	0	0	0	30	0.00	1.91	0.00	0.00
Food and Beverages Within Casino	3,992	0	3,992	5	19.61	2.31	25.67	45.28
Food and Beverages Outside Casino	0	0	0	7	0.00	1.91	0.00	0.00
Shopping	0	0	0	25	0.00	1.91	0.00	0.00
Entertainment	0	0	0	12	0.00	1.91	0.00	0.00
Transportation Within the Area	463	0	463	8.4	3.89	1.91	3.54	7.43
Tour Bus	0	0	0	18	0.00	1.91	0.00	0.00
Non-Casino Tourists (Wisconsin Non-Locals)			(Wisconsin)		76.62		79.48	156.10
Gambling	0	1,181	1,181	50	59.06	2.01	59.65	118.71
Lodging	0	123	123	30	3.70	1.93	3.45	7.15
Food and Beverages Within Casino	0	1,181	1,181	5	5.91	2.31	7.74	13.64
Food and Beverages Outside Casino	0	260	260	7	1.82	2.31	2.38	4.20
Shopping	0	62	62	25	1.54	2.04	1.60	3.14
Entertainment	0	28	28	12	0.34	1.93	0.32	0.66
Transportation	0	139	139	8.4	1.17	2.02	1.19	2.36
Tour Bus*	0	343	343	9	3.08	2.02	3.14	6.23
Non-Casino Tourists (Out of State)			(Out of State)		41.99		43.22	85.21
Gambling	0	550	550	53	29.35	2.01	29.64	58.99
Lodging	0	154	154	30	4.62	1.93	4.30	8.92
Food and Beverages Within Casino	0	550	550	5	2.75	2.31	3.60	6.35
Food and Beverages Outside Casino	0	141	141	7	0.99	2.31	1.30	2.29
Shopping	0	61	61	34	2.08	2.04	2.16	4.24
Entertainment	0	28	28	13	0.36	1.93	0.33	0.69
Transportation	0	59	59	11	0.65	2.02	0.66	1.31
Tour Bus**	0	92	92	13	1.20	2.02	1.22	2.42
TOTAL NEGATIVE ECONOMIC IMPACT					338.20		330.63	668.83

* \$9 due to the assumption that half of these expenditures occur locally

** \$13 due to the assumption that half of these expenditures occur locally

**TABLE 15 Net Economic Impact of Indian Casino Gambling
in Local Areas of Wisconsin**

	\$ Millions
Total Positive Economic Impact	1,073.24
Total Negative Economic Impact	—668.83
<i>Net Economic Impact Before Social and Infrastructure Costs</i>	404.41
Low-Estimate Social Costs	65.79
Median-Estimate Social Costs	131.57
High-Estimate Social Costs	187.24
<i>NET ECONOMIC IMPACT WITH LOW SOCIAL COSTS</i>	338.63
<i>NET ECONOMIC IMPACT WITH MEDIAN SOCIAL COSTS</i>	272.84
<i>NET ECONOMIC IMPACT WITH HIGH SOCIAL COSTS</i>	217.17

ECONOMIC IMPACT ON THE REST OF WISCONSIN

Tables 16 and 17 on the next page and Table 18 on page 39 present figures utilized in the analysis of the economic impacts of Native American gaming on the remaining areas of Wisconsin. The total positive impact is calculated by adding the positive impact from casino expenditures (direct and indirect) of \$312.39 million to the positive impact of expenditures outside the casinos (direct and indirect) of \$27.16 million, resulting in \$339.56 million. The total negative effect of gambling occurred with non-local Wisconsin residents spending \$294.81 million due to gambling activities within the casino and expenditures outside the casino. With multipliers generating indirect expenditure withdrawals from these people, we are left with a total negative effect of \$563.50 million from within and outside the casino activity.

When the negative number is subtracted from the positive impact, we realize that the non-local, rest-of-Wisconsin areas lose \$223.94 million, before we consider the social costs of problem gambling. After social costs are added to the equation, we find that the rest of Wisconsin loses between \$318.61 million (best case) and \$493.39 million (worst case).

TABLE 16 Positive Economic Impact of Indian Casino Gambling in the Rest of Wisconsin

	Direct Expenditures (\$ Millions)	Multiplier	Indirect Effect (\$Millions)	TOTAL IMPACT (\$ Millions)
Casino Expenditures	<i>151.01</i>		<i>161.38</i>	<i>312.39</i>
Wages and Salaries	12.80	1.91	11.67	24.47
Supplies	8.80	1.82	7.17	15.97
Maintenance (construction)	8.80	2.17	10.28	19.08
Food and Beverages	6.60	1.82	5.38	11.98
Advertisement	6.60	2.01	6.65	13.25
Insurance	0.00	2.40	0.00	0.00
Utilities	0.00	1.46	0.00	0.00
Other (replacement of equipment)	3.20	2.10	3.52	6.72
Management Contract	7.20	2.01	7.25	14.45
Per Capita Distribution of Income	10.80	1.91	9.84	20.64
New Construction	9.00	2.22	10.94	19.94
Tribe (expenditures of tribes' net income)	77.21	2.15	88.68	165.89
Expenditures Outside Casino	<i>13.46</i>		<i>13.70</i>	<i>27.16</i>
Lodging	0.00	1.93	0.00	0.00
Food and Beverages	0.00	2.31	0.00	0.00
Shopping	0.00	2.04	0.00	0.00
Entertainment	0.00	1.93	0.00	0.00
Transportation	0.00	2.02	0.00	0.00
Tour Bus	13.46	2.02	13.70	27.16
TOTAL POSITIVE ECONOMIC IMPACT	<i>164.47</i>		<i>175.08</i>	<i>339.56</i>

TABLE 17 Negative Economic Impact of Indian Casino Gambling in the Rest of Wisconsin

	Number of visitors			Expen- diture Per Visit Day (\$1)	Impact			TOTAL (\$M)
	Local (1,000)	Non- Local (1,000)	TOTAL (1,000)		Direct (\$M)	Multi- plier	Indirect (\$M)	
Wisconsin Local Residents' Expenditures					<i>294.81</i>		<i>268.69</i>	<i>563.50</i>
Gambling Income	0	3,826	3,826	50	191.28	1.91	174.33	365.62
Lodging	0	400	400	30	11.99	1.91	10.93	22.92
Food and Beverages Within Casino	0	3,826	3,826	5	19.13	1.91	17.43	36.56
Food and Beverages Outside Casino	0	842	842	7	5.89	1.91	5.37	11.26
Shopping	0	199	199	25	4.97	1.91	4.53	9.51
Entertainment	0	92	92	12	1.10	1.91	1.00	2.11
Transportation Within the Area	0	3,826	3,826	8.4	32.14	1.91	29.29	61.42
Tour Bus	0	1,572	1,572	18	28.30	1.91	25.79	54.10
TOTAL NEGATIVE ECONOMIC IMPACT					<i>294.81</i>		<i>268.69</i>	<i>563.50</i>

TABLE 18 Net Economic Impact of Indian Casino Gambling in the Rest of Wisconsin

	\$ Millions
Total Positive Economic Impact	339.56
Total Negative Economic Impact	—563.50
<i>Net Economic Impact Before Social and Infrastructure Costs</i>	—223.94
Low-Estimate Social Costs	94.67
Median-Estimate Social Costs	189.35
High-Estimate Social Costs	269.45
<i>NET ECONOMIC IMPACT WITH LOW SOCIAL COSTS</i>	—318.61
<i>NET ECONOMIC IMPACT WITH MEDIAN SOCIAL COSTS</i>	—413.29
<i>NET ECONOMIC IMPACT WITH HIGH SOCIAL COSTS</i>	—493.39

SOCIAL BENEFITS AND COSTS

Thus far in our analysis, we have limited our consideration to direct and indirect economic impacts, both positive and negative. These impacts are susceptible to precise measurements, given that the factual data are accurate. Of course, because of limited access to such factual data, we have had to use estimates based on the best reasonable assumptions we have available to us. Nonetheless, we can use the precision of specific-dollar figures for these impacts. When we attempt to assess the economic impact of social benefits and social costs that necessarily attend the introduction of the gambling enterprise into any economy, we delve into a world of imprecision. However, the fact that much doubt surrounds the financial dollars that should be attached to these costs and benefits should in no way be used to deny their existence and importance. We must address social benefits and costs and suggest how they may fit into the overall economic impact analysis that we are conducting.

Social benefits include the creation of a new work ethic among previously unemployed persons, a spirit of self-sufficiency among previously dependent peoples, a variety of new programs supported by revitalized tribal governments. These programs include housing, health, welfare, education, and economic development. On the negative side, the analysis must take note of criminal activity that may be generated by the presence of casinos and also the costs of gambling addictions that result from the existence of the casinos. Our analysis of most of these areas ends with a textual description of activities and problems. Because there have been many studies of problem gambling, we have attempted to assign dollar figures to this problem area (high, medium, and low range), and we believe that these figures should be juxtaposed with the economic-impact figures we have calculated because they reflect a real cost to society.

1. The benefits of investment and self-sufficiency

The greatest value that gaming provides may be found in the degree of independence it allows tribal governments to have. Economic-development programs instituted through government policies have inevitably required tribes to have all their financial decisions certified and ratified by Bureau of Indian Affairs personnel. These approvals denied opportunities for risk-taking and also for gaining expertise that comes with exercising financial responsibility. Gaming funds are more directly controlled by the tribes. A selective listing of many of the projects that have been funded with gaming revenues illustrates a marked growth in that expertise and the responsibility that will become a foundation for tribal self-sufficiency well into the future.

Projects Supported By Wisconsin Native American Gaming

a. *Menominees*: Projects have received \$40 million over five years.⁵⁰ Creation of a two-year college offering majors in gambling management, \$1.8 million for new homes, \$1.5 million for drug and alcohol rehabilitation center.⁵¹ Creation of management-assistance enterprise selected to operate Native American casinos in Arizona.⁵²

Menominee Tribal Chairman Miller commented, “We’re boasting of our abilities here. Our people are proud of what it’s done for them. They have higher self-esteem for themselves. People are coming off welfare rolls. They’re being able to establish credit at local banks.”⁵³

b. *Mole Lake*: Tribal offices, school, health-care center, 10-unit apartment, day-care center, 20-room hotel, improved local roads.⁵⁴

c. *Oneidas*: Social-service programs, computer-assembly corporation, high-technology industrial park.⁵⁵ Radisson Hotel, \$12 million elementary school, police station, \$11.25 million tribal headquarters, service center with health clinic and counseling offices, \$1.5 million 24-hour child-care center, \$1 million Oneida cultural center and museum, 150 apartment units, \$12.5 million for a land-purchase fund.⁵⁶ Tribal-owned bank.⁵⁷ Neighborhood shopping center of 150,000 square feet, purchase and remodeling of a Howard Johnson’s Motor Lodge, festival hall for concerts.⁵⁸ Airport business center with 28 acres of offices, shops, day care, restaurants.⁵⁹ Rescue of Oneida Research and Technical Center with \$750,000 grant.⁶⁰ Printing company, several convenience stores, 300-head cattle ranch.⁶¹

The Oneida accomplishments have been called “one of the nation’s most impressive tribal turnarounds. Tribal official Rick Hill said that even “more important than the tribe’s surging economy is the reemergence of pride among a people who have spent nearly two centuries in the shadow of wealthier neighbors.” The former “pocket of poverty” now makes donations in the “tens of thousands” to the United Way, the local public museum, and many other charities.⁶²

d. *Potawatomis*: Nine houses in Forest County.⁶³ Thirty percent of the profits from the Milwaukee facility of the tribe dedicated to the support of the Milwaukee Indian Community School.⁶⁴

2. Per capita distributions

One of the most difficult issues facing Native American gaming officials is whether or not they should make per capita distributions of net profits to all the enrolled members of their tribes. The Indian Gaming Regulatory Act does require that uses of profits be devoted to collective programs of the tribes, unless a specific plan for other distributions is filed with the federal government. There is a concern that the benefits of the gaming should be tribal benefits, not benefits to make specific individuals wealthy people.

Much criticism attended the revelation that a Minnesota tribe had given members per capita grants of \$450,000 each out of casino net profits for a single year. Studies of similar distributions of other funds have found that very few of the per capita payments have long-range positive benefits. On the negative side, the payments may result in members quitting jobs and young people ending their educations. However, the case is also made that collective programs do not benefit all members of the tribes, while per capita payments can go to members who live off the reservations — as over one-half of the Native Americans in Wisconsin do. The issue also concerns the extent of the payments made.

Tribal Chairman Gaiashkibos of the Lac Courte Oreilles tribe offered his opposition to per capita payments, “That’s like the reverse of the welfare system. We don’t want to sit at home. We’ve waited a long time to go to work. We want our people to go to work.”⁶⁵

Several Wisconsin tribes have decided to have per capita distributions. The Oneidas have offered

\$675 for each member for each year for three years. Funds are held in trust for children. The St. Croix have given 688 members (only 288 of whom are on-reservation) \$1,000 a month. The Winnebago gave each of its members a single annual check of \$1,200 and an additional \$1,000 to the head of the household. In December 1991, the Potawatomi gave bonuses of \$1,000 each to tribal members over 18 years old. Six other tribes had registered plans for distributions with the Bureau of Indian Affairs.⁶⁶

3. The crime factor

Social costs will attend the establishment of gambling enterprise anywhere it occurs. The costs come with lotteries, parimutuels, and casino gaming. It is not to be critical of Native American casinos to recognize that casinos everywhere have been targets of criminal activity. When the inmate Willie Sutton was asked why he robbed banks, he responded simply, "That's where the money is." And so too casinos are banks. They have the money. They become places offering opportunity to thieves of all sorts. Not all casinos succumb. Casinos institute controls that preclude most criminal activity. Nonetheless, the bad people keep trying. Native American casinos know this well.

Native American gaming operations must remain vigilant and develop controls to keep criminals out. They should not hesitate to work with non-Native governments to make sure the controls are effective. Casino gambling needs self-regulation, and it needs outside regulation to assure that its operations are secure and honest.

Wisconsin has experienced the attempts of outside forces to infiltrate Native casino operations and siphon off funds that belong to the tribes. A litany of episodes have been recorded in the press. George Stanley and Cary Spivak of the *Milwaukee Sentinel* wrote that "the tribes have become prey for 'sharpies' — criminals and con artists honing in on a fledgling multibillion-dollar industry operated by novices." Examples of breached security included a gun battle and arson at the Ho-Chunk casino in January 1992, arrests for embezzlements of \$700,000 from a Menominee gaming hall and \$14,000 from the Lac du Flambeau facility, a bad-check cashing ring that took the Oneida casino for \$1 million, as well as bribery charges against persons attempting to make deals with the Native Americans.⁶⁷ There have also been several cases suggesting that management contractors have taken illegal advantage of several tribes.⁶⁸

The episodes of breached security do not condemn the Native American gaming industry of Wisconsin. Indeed, responsible people in the industry have instituted the controls that "caught" many of the culprits. As the industry matures, controls will improve. Other jurisdictions have experienced similar problems, and other jurisdictions have shown the wisdom of improving controls. Wisconsin is also doing so. Crime should not have to be a problem of great concern for policymakers, as long as controls are in place. We do not see it as a matter of great concern in analyzing the impacts of the gaming on the society of Wisconsin.

4. The compulsive-gambling issue

The matter of compulsive gambling, however, should be examined closely in the future, and very direct steps should be taken to mitigate the major societal costs that may be attached to Wisconsin casinos because of pathological gambling. This is a hidden problem, and it is difficult to reduce the impacts to a precise economic formula. Nonetheless, we must try. If the State of Wisconsin and the tribes ignore the problem, compulsive gambling could raise the costs of gambling in Wisconsin to levels beyond ones the public would be willing to accept.

How much of a problem is it? There is much debate on this, but consider that the incidence of compulsive gambling identified by the Commission for the Study of National Policy on Gambling in 1975 was 0.7% of the general adult population. This may be considered a baseline number of problem gamblers in a society without casinos. Several studies suggest that in societies with readily available gambling outlets, the incidence of problem gambling increased to as much as 2% or 3%. A study of Iowa

showed a more conservative increase to 1.4% of the adult population after casino gambling was introduced to the state. On the other hand, a study in the province of Alberta, where slot-machine gambling is available in neighborhood taverns in each town and city, the incidence was discerned to be more than 5%. Point one: the problems were there already. Point two: casinos increased the scope of the problems by as little as 0.7% or as much as four percentage points.

We have decided to present three ranges of numbers within the scope of numbers found by other studies. We start by using the conservative 0.7% number to determine incidence. Then, we apply a range of figures suggestive of the social costs of problem gambling to the base 0.7% figure. If the same numbers would apply to Wisconsin, we could suggest that casinos in Wisconsin have led 24,686 adults in the state to succumb to the pathological-gambling syndrome (adult population of 3,526,600 x 0.7 incidence = 24,686). Of course, there are problems in measuring incidence. Most studies use various self-reporting surveys. These must be refined.

There is considerable debate about the extent of social costs that attend each compulsive gambler. Several studies in recent literature disagree about the costs. The following items are included among the costs: loss of productive work time by the compulsive gambler; criminal-justice system costs, from police work through prison maintenance, resulting from crimes perpetrated by compulsives; insurance money protecting businesses from embezzlement by compulsives; social-work counseling costs; other treatment costs; and family-welfare costs.

How much? The studies give a range of numbers from \$13,000 to \$52,000 a year.⁶⁹ We assume a cost figure of \$6,500 for the low estimate, one-half of the range indicated above. We assume \$13,000 for the medium range, and \$18,500 for a high range of social costs per problem gambler per year. In such a case, we then estimate a range of compulsive-gambling costs to Wisconsin society to be from \$160.46 million (low estimate) to \$320.92 million (medium estimate) to \$456.69 million (high estimate). The local areas are assigned 40.9% of these costs, and the rest of the state 59.1% of the costs, as the preponderance of gaming opportunities is in the least-populated areas.

Whatever the numbers actually are, extensive controls must be put into place to reduce the opportunities for gambling by those most vulnerable to pathological-gambling problems. We found that only 39 (5.8%) of the respondents to our survey were Native Americans. This provides an indication that the casinos are not targeting tribal members as players. This is fortunate in two regards. First, if large numbers of tribal members were gaming, the positive social and economic impacts received by the tribes would be materially lessened. Second, the literature on addiction suggests that Native Americans may be more prone to gambling pathologies than non-Native populations.⁷⁰ Those suggestions are only tentative and need further examination, but they do serve as a note of caution.

CONCLUSION

Native American casino gambling in Wisconsin represents an economic-transfer policy. In actuality, what the research says is axiomatic: all economic activity involves an exchange of funds for goods and services — from some people to other people. The policy supporting compacts for 17 tribal casinos in the state brings major economic-development potentialities for the tribes and also has a positive economic impact on the local areas surrounding the casinos. Nonetheless, the policy constitutes a flow of funds away from the non-Native sectors of the Wisconsin economy and border states. However, since the non-Native and Native economies are juxtaposed and intricately intertwined, we do not see the gambling activity as a major loss for the Wisconsin economy overall — in terms of the direct economic analysis we have presented above. Losses do occur, however, when social costs of problem gambling are added to the equation. The leakages from the state economy (see Table 9) are adequately compensated for by an equal or greater influx of capital from non-Wisconsin gamers, but not to a degree that it makes gaming a tool of economic development for the entire state. We can safely conclude that the gaming enterprise is not a major money-maker for the state's combined economy.

Future gambling policy in Wisconsin must be judged in the context of the advisability of the specific transfer program under consideration. In 1998, policymakers must judge Native American casinos as transfer programs and assess how they can be more effective transfer programs or whether other transfer programs can perhaps be substituted for gambling and achieve desired results more efficiently.

Not considering social costs, the transfer of funds through gambling represents a gain of \$7,882 per enrolled tribal member. Native American peoples have tremendous unmet needs. Gaming revenues that are transferred to Native Americans from non-Native, Wisconsin residents can be used to meet these needs. If they do so in a manner that meets the overall public interest — of both Native and non-Native populations — then the continuance of Native American casino gambling operations can be represented as good public policy.

GOOD GAMBLING POLICY FOR WISCONSIN — SOME SUGGESTIONS

The bottom-line conclusion is that Native American casino gambling is a transfer program. This point should never escape policymakers, wherever they are found — in the state legislature, governor's office, state or federal judiciary, Congress, or the tribal councils.

The transfer program in place now can be improved. The state and tribes should use future negotiating processes as opportunities to improve current policy.

What needs improvement? Look at the source. Who are the gamblers? They are not the affluent people of Wisconsin. Their numbers are skewed toward the poorer-income categories and the elderly. If it is a given good that funds should be transferred to tribes via the casino mechanism, is it good that the mechanism appeals mostly to the poor and to senior citizens? The answer could be "no." Moreover, there must be concern that the gambling mechanism is quite likely appealing toward people who have gambling problems — that is, people who cannot control their gambling behavior.

The economic needs of tribal nations should be assessed by the tribes, and there should be some determination regarding just how much money is needed to meet the needs. The tribes and the state can then determine how much gaming is needed. It might be suggested that the state has enough gaming now to meet the development needs of the tribes, if the money is effectively used by the tribes. Gaming probably produces an excess of \$300,000,000 in net profits for the 11 tribes. It might be suggested that the extent of Native American gaming should not be expanded. At the same time, the state should consider reaffirming that no other form of gambling should expand in the state either. While Native American casinos essentially transfer money within the state, they do attract outside funds probably in excess of a hundred million dollars. Moreover, in some jurisdictions, casino gaming has demonstrated potentialities of attracting large sums of tourist revenues. Lotteries, charity gaming, and parimutuel gaming (especially in a state surrounded by other states with these forms of gaming) offer almost no chance for importing revenues. A claim for preference can be made by Native American gaming in Wisconsin.

The public interest might be best served if the state allows Native American gaming to continue without legal challenge after 1998. This would forgo a multitude of judicial controversies, and also potentially nasty confrontational politics — or, indeed, confrontational physical interactions regarding attempts to close casinos. In exchange, the tribes might agree to size limits and to forgo any future attempts to place casinos on currently non-Native lands. With the state's encouragement, tribes — particularly in the northern areas — might work together to develop joint casino projects that would consolidate current operations. A consolidated facility could be larger and could justify development of a larger resort complex, which could attract both more affluent gamers and also gamers from a greater distance. Fewer locations for casinos could serve as a barrier to poorer gamers, whom we found were more likely to be residents of communities closer to the casinos. Fewer locations would necessitate additional travel time for locals, who may be susceptible to pathological behaviors.

In this regard, the Native American casinos should adopt policies and procedures which will discourage compulsive gambling. The casinos should participate in public-education programs warning of the dangers of gambling to some people. They should support “Just-say-no” educational programs in the schools. Casinos should let gamers know the dangers of gaming by having warning signs and indicating how problem gamblers can get help (“1-800” hotlines). Casinos should help pay the costs of treatment programs. Casinos should even consider plans for intervening and excluding players when compulsive behaviors are revealed in player activity. Casinos can also have lists of people who are banned from play. Casinos could even let players ban themselves from future play or let close family members ban persons when it is apparent that their play is excessive and uncontrolled.

If the problem of pathological gambling is as big as other researchers suggest, there may be little defense for a continuance of the casinos. However, policies of casinos can effectively reduce the extent of the problem. They certainly should make every effort to have such policies.

Some disturbing signs could be witnessed within more than one Wisconsin casino. Booths for cashing checks indicated, in bold print for the world to see, the following rates to cash checks: Traveler’s Checks — 1%; Government Checks — 3%; Payroll Checks — 5%; Personal Checks — 10%. Government checks meant Social Security and welfare-assistance checks. It was also disturbing that casinos had machines to allow credit-card use for cash. These practices should be curtailed. There should be absolutely no added appeal to poorer gamers or to people who may be borrowing money in order to gamble. The availability of alcoholic beverages in gaming areas should be seriously examined as well. An appropriate policy may preclude such beverages, except in full-service restaurants. The casinos are monopolies for their local regions and no competitive advantages would be lost by such a policy, and one means of improperly manipulating gambling customers could be eliminated.

Given the high potential costs of gambling to society — in terms of pathological gaming and the transfer of money away from poorer people — the state should seriously explore other programs that can underwrite basic social-service needs of tribes. However, in all honesty, it can be suggested that governments have not been successful in this arena in the past. By giving Native Americans a quasi-monopoly over one economic activity in the local economy, much better results can be found in terms of developing business skills that may perpetuate themselves in other business endeavors. The model provided by the Oneidas deserves study, as it appears to be one of the most successful ventures in this area among all Native American tribes across the land.

The notion espoused by many policymakers that tribal revenues from gaming should go to the state in some form of taxation or fee should be seriously examined. Certainly, tribes should pay for infrastructure and regulatory costs necessitated by gaming. And by some mechanism, tribes should dedicate revenue to programs to mitigate compulsive-gambling problems. However, state taxation would have two negative consequences: first, it would lessen the chance for casino revenues to help Native Americans meet their social and community needs; second, it would cause the state to encourage the expansion of the activity.

Casinos came upon the Wisconsin scene through a series of historical accidents. Casino policy in Wisconsin was not designed by a deliberative process of rational debate and decisionmaking. The course of future history will give the state a second chance to make sense out of casino gambling. We advise further study of the economic impacts of gaming, to the end that the state take advantage of this second chance.

The authors acknowledge the help of Suzanne Ulrich in managing the team that conducted the survey used in the report and also the Sabbatical Grant Committee of the University of Nevada-Las Vegas, which provided Professor Thompson with release time for the project.

APPENDIX: SURVEY INSTRUMENT

1. In which town do you live?
 - 1a. County? Zip code?
2. How far is that from the casino: less than 35 miles; 35-50; 50-100; more than 100 miles? If more than 35 miles: (answer 3-7)
3. How did you get to casino: car, cab, tour bus, plane, other?
4. Was visiting casino purpose of trip?
 - 4a. If not, what was?
5. What is the length of your stay? Less than one day? How many hours at casino? More than one day? How many nights?
6. Where are you staying: hotel, motel, at casino; hotel outside casino; friends-relatives; RV-campground; other?
7. How far in advance did you plan visit: yesterday or today; 2-30 days; over 30 days?
8. Is this your first visit to this casino?
 - 8a. If no, how frequently do you visit this casino?
 - 8b. Have you visited other casinos before? If yes, where have you visited a casino within last 12 months? If no, do you plan to visit other casinos within the next 12 months? Where?
9. Would you be visiting this area if there was not a gaming facility here?
10. How many people are in your party?
11. If from more than 35 miles: how much money do you plan to spend gambling on your entire visit?
12. If less than 35 miles: how much money do you spend on gambling each time you come to casino? What percentage of your money do you spend on: slots, blackjack, bingo?
13. During your visit approximately how much did you spend on: food and beverage in casino; outside casino; lodging; shopping in casino; outside casino; shows-entertainment; transportation cost in immediate area?
14. How frequently do you enjoy other types of entertainment (times per week, month, year): movies and shows; recreational sports; dining out; travel in Wisconsin; travel outside of Wisconsin; other?
- 15a. After this casino opened, did the frequency of your other activities change (yes or no; if yes, by what percentage): movies and shows; recreational sports; dining out; travel in Wisconsin; travel outside of Wisconsin; other?
- 15b. By how much has the availability of casino gambling in Wisconsin affected your yearly savings?
16. If there were no casino here, would you travel to another area to visit a gambling establishment?
 - 16a. Where else would you go to gamble?
 - 16b. How frequently would you go?
 - 16c. In this the closest casino to your home?
17. If a casino opened closer to your home, would you still come here? If yes, how often? Same, less, more?
18. In the absence of casino gambling in Wisconsin, how else would you spend your gambling money? Movies and shows; dine out; buy more groceries; travel; shop for clothes; save more; visit casinos in other states; other?

Demographics

19. Gender?
20. Year of birth?
21. Race?
22. Marital status?
23. Primary occupation?
24. Highest grade or degree completed?
25. Household income (card handed to recipient): *Closest to:* less than 10,000; 10,000-19,999; 20,000-29,999; 30,000-39,999; 40,000-49,999; 50,000-59,999; 60,000-69,999; 70,000-79,999; 80,000-89,999; 90,000-99,999; more than 100,000.

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ABOUT THE INSTITUTE

The **Wisconsin Policy Research Institute** is a not-for-profit institute established to study public-policy issues affecting the state of Wisconsin.

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