

Economic Impact of the U.S. Gaming Industry



AMERICAN
GAMING
ASSOCIATION®

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Introduction

THE GAMING INDUSTRY IN 2022

The United States' gaming industry is a vibrant contributor to economic activity across communities, regions and industry sectors throughout the country.

To quantify the impacts of U.S. gaming industry for the American Gaming Association (AGA), Oxford Economics analyzed industry information from a variety of sources and prepared a comprehensive measure of industry significance during 2022.

As part of this analysis, Oxford Economics:

- ◆ conducted a survey of gaming operators;
- ◆ gathered information from secondary sources including gaming-sector employment, revenue and expense benchmarks from federal, state, public company and private data sources;
- ◆ brought together previously published estimates on Native American casinos and gaming equipment manufacturers; and,
- ◆ calculated direct, indirect and induced economic impacts on a national basis.

This is an update of Oxford Economics' previous 2017 study on gaming's economic impact.

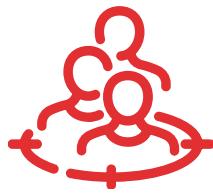
SUMMARY ECONOMIC IMPACTS: GAMING INDUSTRY IN THE U.S.

The U.S. gaming industry supported \$329 billion of total economic output, with 1.8 million jobs, \$104 billion of wages and salaries and \$53 billion of tax revenue in 2022.



\$329B

Business Sales



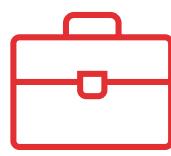
1.8M

Jobs



\$104B

Wages and Salaries



\$53B

Tax Revenue

INTRODUCTION

HOW DOES THIS STUDY DEFINE THE U.S. GAMING INDUSTRY?

COMMERCIAL GAMING OR COMMERCIAL CASINOS	NATIVE AMERICAN CASINOS	CATALYTIC SPENDING	CAPITAL INVESTMENT	GAMING MANUFACTURERS
Includes traditional casino gaming, sports betting and iGaming	Based on research published by the Indian Gaming Association (IGA)	Spending by patrons outside of casino properties (commercial casinos)	Development of new casinos and investment in renovations (commercial casinos)	Gaming device manufacturers based on research published by the Association of Gaming Equipment Manufacturers (AGEM)

Analysis excludes non-casino gaming (e.g. pari-mutuel gaming such as horse racing, slots and video lottery terminals in bars and other non-casino locations, lotteries and charitable gaming).

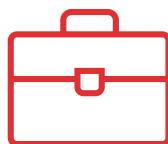
HOW DOES THIS STUDY DEFINE THE U.S. GAMING INDUSTRY?

We assess the economic contribution of the gaming industry to the U.S. using economic impact analysis, a standard approach that quantifies the impact of the gaming industry across three core channels.



DIRECT IMPACTS +

Includes the direct jobs, wages and taxes supported by spending on-site at casinos, catalytic spending by casino patrons during their casino trips, capital investment in casino development and renovations and the revenue of gaming equipment manufacturers.



SUPPLY CHAIN (INDIRECT IMPACTS) +

Captures supply chain effects that follow on from direct impacts, for example, purchases by casinos and other related businesses of goods and services from other businesses.



CONSUMER SPENDING (INDUCED IMPACTS) +

Captures the income effect and flow on to household consumption, for example as casino employees spend a portion of their wages.



= TOTAL IMPACTS

The combined activity across these three core channels is referred to as the total economic contribution of the gaming industry.

Key Findings

The US gaming industry supported \$329 billion of total economic output, with 1.8 million jobs and \$53 billion in tax revenue in 2022.

This economic activity was generated by gaming industry business sales of \$150.3 billion. This includes \$125.9 billion of spending at land-based and online casinos and sportsbooks, \$16.1 billion of catalytic spending by patrons on casino trips and capital investment and \$8.3 billion of sales by gaming equipment manufacturers.

Casino revenue totaling \$122.0 billion included \$75.9 billion at commercial casinos (62.3%) and \$46.0 billion at Native American casinos (37.7%). Of this casino revenue, 83.1% was from gaming and 16.9% was from non-gaming activities, such as food, beverage, lodging and entertainment. Sales at third-party outlets, such as leased restaurants and retail at casinos not already included within casino revenue, plus sales and lodging taxes, represented an additional \$4.0 billion, bringing total spending at casinos to \$125.9 billion.

Catalytic spending totaling \$13.5 billion represents spending by casino patrons at other businesses during their casino trip. For example, it includes \$4.9 billion on transportation to the destination and \$2.4 billion of spending at restaurants outside of casinos. Additionally, \$2.7 billion was spent on casino capital investment, including new casino construction and renovation projects.

The gaming industry directly employed almost 709,000 people in the US, with \$31.0 billion of wages, salaries, tips and benefits. This includes almost 597,000 jobs on-site at casinos and corporate offices, almost 89,000 jobs at businesses serving casino patrons during casino trips or involved in casino construction and renovations and more than 23,000 jobs at gaming equipment manufacturers.

Specifically, commercial casinos employed almost 332,000 employees who earned \$16.3 billion in wages and benefits and Native American casinos employed almost 265,000 employees who earned \$8.0 billion in wages and benefits.

\$52.7B | **\$13.5B**

IN FEDERAL, STATE AND LOCAL TAXES | IN GAMING TAXES

KEY FINDINGS

The gaming industry **supported more direct jobs** than are in other sectors such as air transportation, postal service or motion picture and videos.

1 IN 33 LEISURE AND HOSPITALITY JOB

Casino employment (596,510 jobs) is equivalent to one in 33 leisure and hospitality jobs.

1 IN 118 U.S. JOBS

Total gaming-supported employment (1.8 million jobs) is equivalent to one in 118 non-farm jobs in the U.S., more than the non-farm jobs in 18 states.

GAMING INDUSTRY IMPACT SUMMARY

Amount in \$ millions for 2022 except as noted

	COMMERCIAL CASINOS	NATIVE AMERICAN CASINOS	SUB-TOTAL CASINOS	CATALYTIC SPENDING AND CAPITAL INVESTMENT	GAMING MANUFACTURERS	TOTAL
TOTAL IMPACTS						
Business Sales	178,442	96,958	275,400	31,547	21,700	328,647
Wages and Salaries	52,430	36,989	89,419	8,895	5,900	104,214
Job	838,611	684,158	1,522,769	160,658	67,190	1,750,616
Taxes	31,815	17,528	49,434	3,367	N/A	52,711
DIRECT IMPACTS						
Business Sales	79,893	46,029	125,922	16,126	8,300	150,348
Wages and Salaries	16,339	7,968	24,308	3,899	2,800	31,007
Job	331,547	264,963	596,510	88,782	23,468	708,760
Taxes	19,783	N/A	19,783	1,549	N/A	21,332

Note: N/A indicates not available. Figures for gaming manufacturers represent 2021, the most recently reported period.

Source: Oxford Economics, IGA, AGEM

BUSINESS SALES SUPPORTED BY THE GAMING INDUSTRY

As shown in the accompanying table, total U.S. business sales of \$329 billion supported by the gaming industry represents gaming industry direct spending of \$150 billion, plus indirect and induced spending of \$178 billion.



\$150B

Gaming Industry Spending
(Direct Business Sales)

+



\$178B

Supply Chain and Consumer
Spending (Indirect and
Induced Business Sales)



\$329B

Total Business Sales

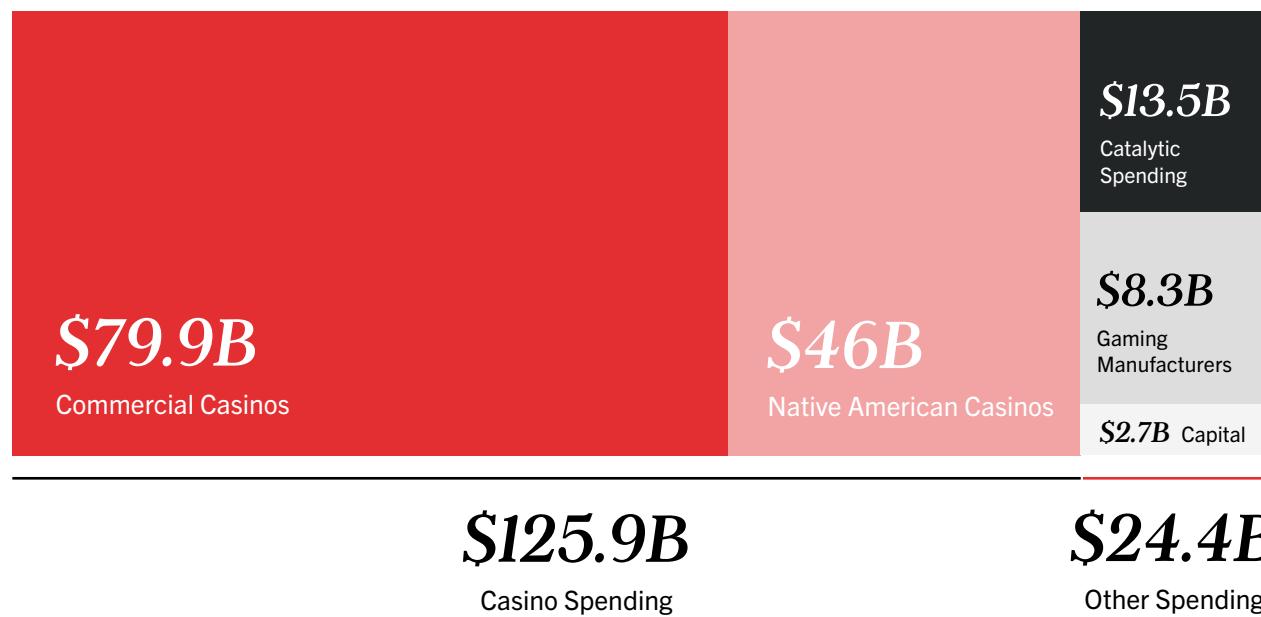
Gaming Industry Spending

OVERVIEW

The gaming industry generated \$150.3 billion of direct spending in 2022. This includes spending at U.S. casinos and with gaming equipment manufacturers, catalytic spending by patrons (commercial casinos) and capital investment (commercial casinos). This represents the spending, also referred to as direct business sales, generated by the gaming industry.

GAMING INDUSTRY SPENDING

Amount in \$ billions, 2022



GAMING INDUSTRY SPENDING

CASINO SPENDING

Total casino spending totaled \$125.9 billion in 2022, representing spending by patrons on-site at casinos.

Casino revenue represents the largest share of casino spending (\$122.0 billion). Almost two-thirds of casino revenue was generated at commercial casinos (62.3%) and slightly more than one-third was generated at Native American casinos (37.7%).¹

In addition to direct casino gaming revenue (\$101.3 billion), non-gaming revenue accounted for 16.9% of casino revenue. This non-gaming revenue includes food and beverage, hotel rooms and other revenue.

In addition, spending at third-party outlets, such as leased restaurants and retail outlets not already included in casino revenue, sales and lodging taxes represented \$4.0 billion, resulting in casino spending of \$125.9 billion.



\$123.9B

Casino Spending

(casino revenue of \$122.0B, plus \$4.0B third-party outlet revenue, and sales and lodging taxes)

CASINO REVENUE

Amount in \$ millions, 2022

	COMMERCIAL CASINOS	NATIVE AMERICAN CASINOS	TOTAL	SHARE OF TOTAL
Total Casino Revenue	75,939	46,029	121,968	100%
Gaming Revenue	60,458	40,938	101,396	83.1%
Non-Gaming Revenue	15,481	5,091	20,527	16.9%

Notes: Native American casino results are based on Indian Gaming Association estimates updated using NIGC reporting of \$40.9 billion of gaming revenue at Native American casinos during FY2022 (based on financial statements of gaming operations for fiscal years ending in calendar 2022).

Source: Oxford Economics, American Gaming Association, IGA, AGEM

¹ Casino revenue refers to revenue net of promotional allowances, such as complimentary or discounted hotel rooms, or food and beverage, provided to patrons.

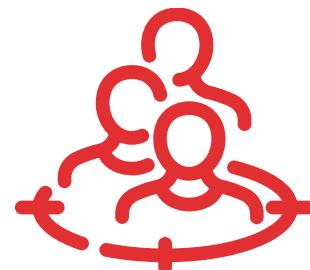
GAMING INDUSTRY SPENDING

CATALYTIC SPENDING

Catalytic spending by commercial casino patrons totaled \$13.5 billion in 2022.

This spending includes purchases by casino patrons at retailers and businesses outside of casinos, such as spending on transportation, meals and lodging during a casino trip, as well as a portion of spending occurring on-site at casinos at leased outlets operated by third-party operators, such as certain restaurants or retail locations.

Prior [research](#) by the AGA indicates that many casino patrons spend money at restaurants or shops outside the casino during their casino trip. Since this casino patron spending is primarily driven by the patrons' trips to the casino, it is included in the gaming industry's direct impact as catalytic spending.

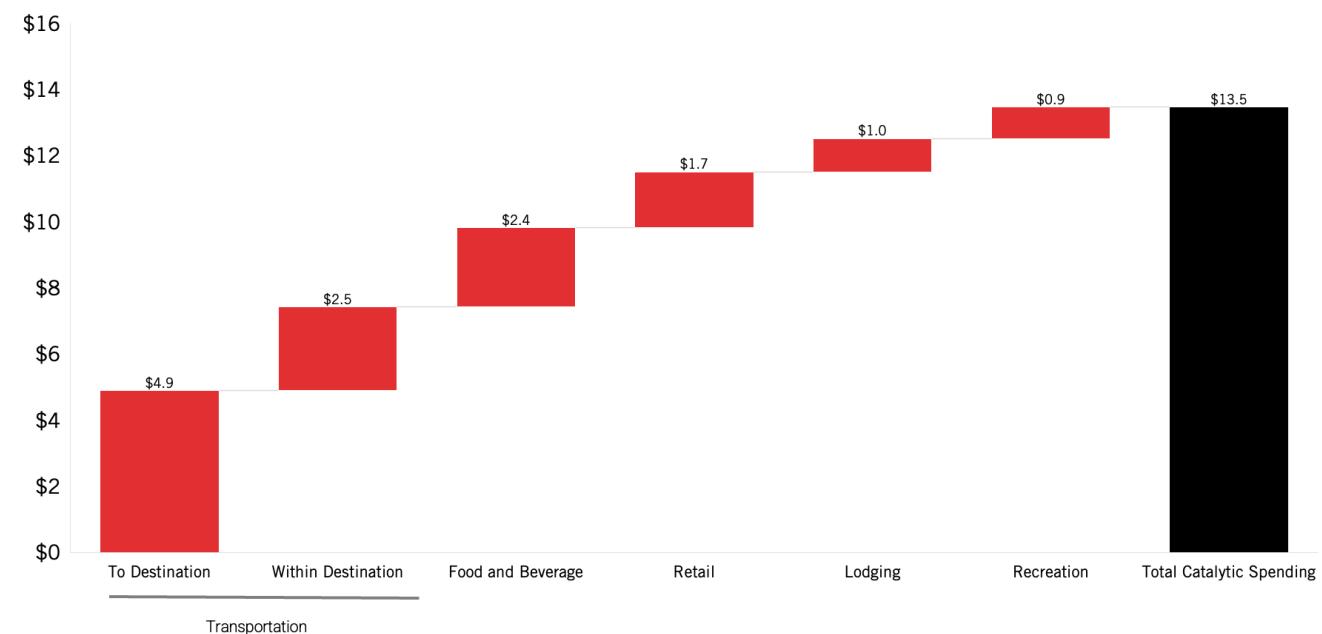


\$13.5B

Catalytic Spending
by Casino Patrons

CATALYTIC SPENDING

Amount in \$ billions, commercial casino patrons



Source: Oxford Economics, Longwoods International

GAMING INDUSTRY SPENDING

CAPITAL INVESTMENT

Ongoing capital investment in commercial casinos represents a significant category of economic activity, totaling \$2.7 billion of spending in 2022.

This includes the development, expansion, renovation and upkeep of existing commercial casinos. It excludes spending on gaming devices, as this is measured in the activity of gaming manufacturers.



\$2.7B

Capital Investment
Spending

GAMING MANUFACTURERS

Manufacturers of electronic gaming devices represent a large, but specialized sector globally. These companies generated \$8.3 billion of sales in 2021, as reported by the Association of Gaming Equipment Manufacturers (AGEM).²



\$8.3B

Gaming Manufacturer

² U.S. results based on AGEM research on impacts of companies that are either headquartered in Nevada or have some operations in the state.

Gaming Industry Economic Impact

DIRECT IMPACTS

The \$150.3 billion of gaming industry spending, also referred to as direct business sales, supported almost 709,000 direct jobs, with \$31.0 billion of direct wages, salaries, tips and other labor income in 2022. These direct jobs represent jobs on-site at casinos or gaming manufacturers, at corresponding corporate offices, in capital development and renovation roles and the jobs supported by catalytic spending by casino patrons during casino trips.

As part of these direct effects:

- ◆ Casinos directly employed almost 597,000 employees with \$24.3 billion in wages and salaries.
- ◆ Catalytic spending by commercial casino patrons and capital investment directly supported almost 89,000 jobs with \$3.9 billion of wages and salaries.
- ◆ Manufacturers directly employed over 23,000 workers with \$2.8 billion in wages and salaries.

DIRECT IMPACT OF U.S. GAMING INDUSTRY

Amount in \$ millions, 2022 except as noted

	COMMERCIAL CASINOS	NATIVE AMERICAN CASINOS	SUB-TOTAL CASINOS	CATALYTIC SPENDING AND CAPITAL INVESTMENT	GAMING MANUFACTURERS	TOTAL
DIRECT IMPACTS						
Business Sales	79,893	46,029	125,922	16,126	8,300	150,348
Wages and Salaries	16,339	7,968	24,308	3,899	2,800	31,007
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Taxes	19,783	N/A	19,783	1,549	N/A	21,332

Note: Figures for gaming manufacturers represent 2021, the most recently reported period.

Source: Oxford Economics, American Gaming Association, IGA, AGEM

GAMING INDUSTRY ECONOMIC IMPACT

TOTAL IMPACTS

The total economic impact of the gaming industry includes direct impacts, supply chain (indirect) and consumer spending (induced) effects that occur, for example, as casino employees spend a portion of their wages and salaries.

In total, the gaming industry supported 1.8 million US jobs, with \$104.2 billion of wages and salaries and \$328.6 billion of business sales in 2022.

This includes:

- ◆ Casino operations supported 1.5 million jobs, with \$89.4 billion of wages and salaries and \$275.4 billion of business sales.
- ◆ Of this, commercial casino operations supported almost 839,000 jobs, with \$52.4 billion of wages and salaries and \$178.4 billion of business sales.
- ◆ Catalytic spending by patrons of commercial casinos and capital investment by commercial casinos, supported almost 161,000 jobs, \$8.9 billion of wages and salaries and \$31.5 billion of business sales.

These total impacts for the commercial casino sector, as well as associated catalytic spending and capital investment, were quantified using a customized input-output model. This model captures effects such as casinos purchasing goods and services as inputs, the effects as state governments use tax revenues generated by gaming taxes and economic activity supported by casino employee spending in other sectors of the economy.

Total economic impact results for Native American casinos and gaming manufacturers are summarized based on reports published by IGA and the AGEM.

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TOTAL IMPACTS						
Business Sales	178,442	96,958	275,400	31,547	21,700	328,647
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Taxes	31,815	17,528	49,343	3,367	N/A	52,711

Note: Figures for gaming manufacturers represent 2021, the most recently reported period.
Source: Oxford Economics, American Gaming Association, IGA, AGEM

GAMING INDUSTRY ECONOMIC IMPACT

COMMERCIAL CASINO IMPACTS

This portion of the report focuses on the economic impacts of commercial casinos, inclusive of sports betting and iGaming.

In total, commercial casino operations, plus catalytic spending by commercial casino patrons and capital investment in commercial casinos, but excluding gaming devices, supported \$210.0 billion of US business sales, almost one million jobs, with \$61.3 billion of wages and salaries.

Commercial casinos supported \$126.9 billion of total gross domestic product (GDP), representing the value of goods and services produced by casinos and supported economic impacts in other sectors.³

Additionally, commercial casinos supported \$35.2 billion of annual tax revenue, including \$23.2 billion of state and local taxes and \$13.5 billion of gaming taxes.

COMMERCIAL CASINO ECONOMIC IMPACTS

Amount in \$ millions, 2022

	COMMERCIAL CASINO OPERATIONS	CATALYTIC SPENDING	CAPITAL INVESTMENT	COMMERCIAL CASINOS, TOTAL
TOTAL IMPACT (TOTAL = DIRECT + INDIRECT = INDUCED)				
Business Sales	178,442	25,494	6,053	209,989
Labor Income	52,430	6,952	1,943	61,324
Employment (number of jobs)	838,611	132,584	28,074	999,268
GDP	31,815	11,337	2,818	126,909
Total Taxes	31,815	2,762	605	35,182
State and Local Taxes	21,452	1,516	229	23,197
Gaming Taxes	13,488	0	0	13,488
Federal Taxes	10,364	1,246	376	11,986
DIRECT IMPACTS				
Business Sales	79,893	13,468	2,658	96,019
Labor Income	16,339	3,019	880	20,238
Employment (number of jobs)	331,547	75,668	13,114	420,329
GDP	55,978	4,615	995	61,688
Total Taxes	19,783	1,340	209	21,332
State and Local Taxes	16,414	846	36	17,296
Gaming Taxes	13,488	0	0	13,488
Federal Taxes	3,369	494	173	4,036

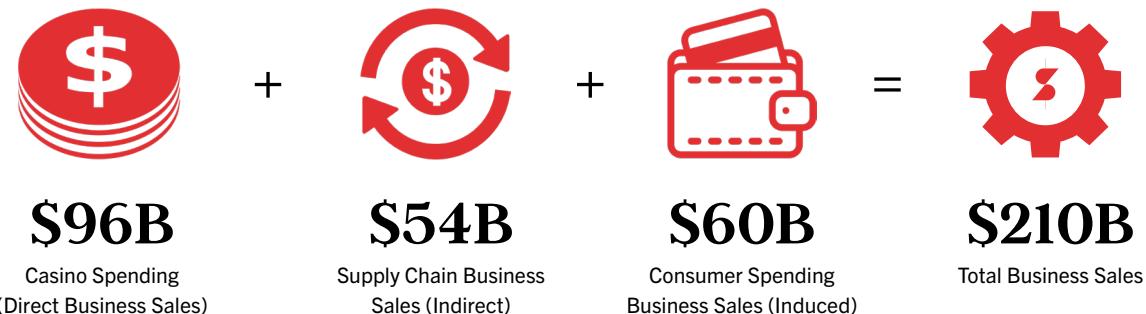
Source: Oxford Economics, American Gaming Association

³ This analysis estimates GDP supported by commercial casinos. The IGA analysis did not include a corresponding figure for Native American casinos.

GAMING INDUSTRY ECONOMIC IMPACT

BUSINESS SALES SUPPORTED BY COMMERCIAL CASINOS

As shown in the accompanying table, total business sales of \$210 billion supported by commercial casinos represents direct spending of \$96 billion, plus indirect and induced spending of \$114 billion.



TAXES SUPPORTED BY COMMERCIAL CASINOS

Commercial casinos supported \$35.2 billion of taxes in 2022, including the impacts of catalytic spending and capital investment. Gaming taxes paid by commercial casinos, including sports betting and iGaming, represented the largest category of state and local taxes, totaling \$13.5 billion. Including taxes supported by Native American casinos, taxes supported by the gaming industry totaled \$52.7 billion.

TAX REVENUE SUPPORTED BY COMMERCIAL CASINOS

Amount in \$ millions, 2022 includes catalytic spending and capital investment impacts

	COMMERCIAL CASINOS				Native American Casinos Investment	TOTAL
	DIRECT	INDIRECT	INDUCED	TOTAL		
Total Taxes	21,332	6,519	7,332	35,182	17,528	52,711
State and Local Taxes	17,296	2,128	3,773	23,197		
Gaming	13,488	0	0	13,488		
Sales and Hotel Occupancy	2,018	817	1,685	4,520		
Property Taxes	1,441	607	1,276	3,324		
Personal Income	217	438	358	1,013		
Other (unemployment insurance, corporate, excise and fees)	133	265	454	852		
Federal Taxes	4,036	4,391	3,559	11,986		
Personal Income	1,942	2,053	1,761	5,756		
Other (social security, corporate, excise)	2,094	2,338	1,798	6,230		

Note: Analysis of total gaming-industry supported taxes is conservative, as it does not include tax revenue supported by gaming manufacturers.

Source: Oxford Economics, American Gaming Association, IGA

GAMING INDUSTRY ECONOMIC IMPACT

Tax revenue supported directly by commercial casino operations excluding catalytic spending and capital investment impacts, totaled \$19.8 billion. Gaming taxes of \$13.5 billion represented more than two-thirds of this total (68.2%).

TAX REVENUE DIRECTLY SUPPORTED BY COMMERCIAL CASINO OPERATIONS EX. CATALYTIC OR CAPITAL SPENDING

Amount in \$ millions, 2022

	DIRECT
Total Taxes	19,783
State and Local Taxes	16,414
Gaming	13,488
Sales and Hotel Occupancy	1,527
Property Taxes	1,191
Personal Income	175
Other (unemployment insurance, corporate, excise and fees)	34
Federal Taxes	3,369
Personal Income	1,558
Other (social security, corporate, excise)	1,811

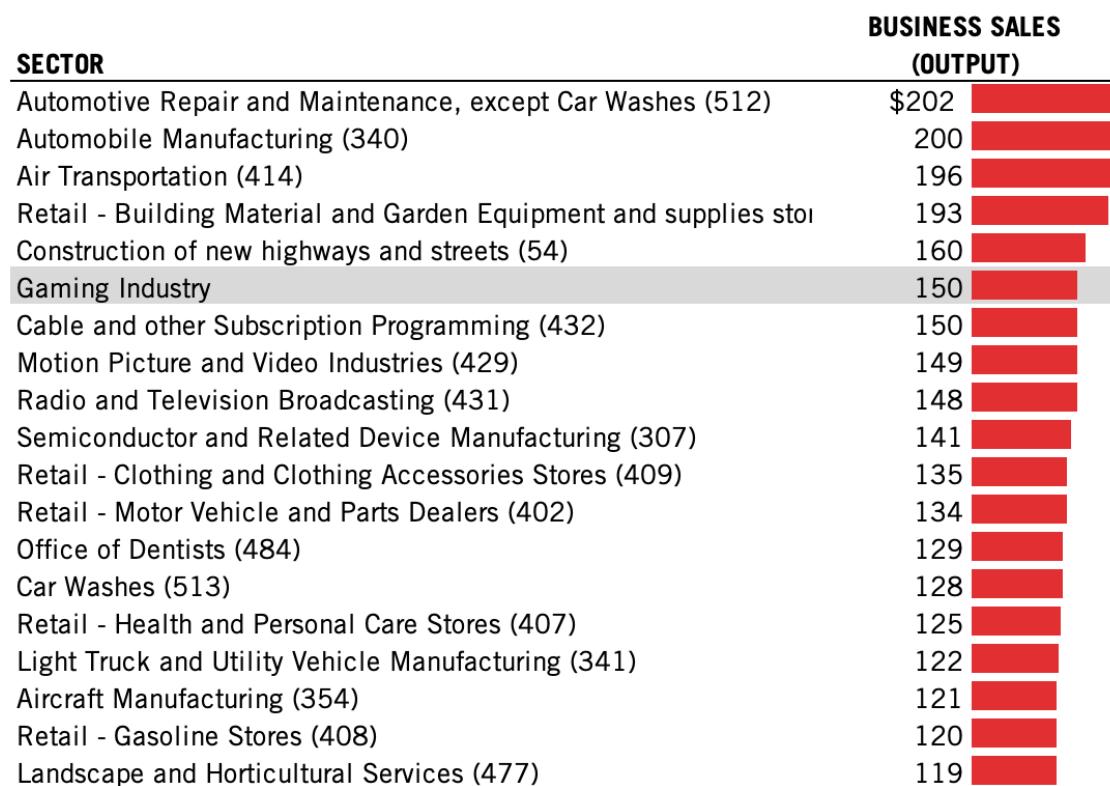
Source: Oxford Economics, American Gaming Association

Comparisons to Other Sectors

Casino spending, representing the direct business sales of the gaming industry, in 2022 was larger than either the semiconductor and related device manufacturing, or aircraft manufacturing sectors.

INDUSTRY COMPARISONS: DIRECT BUSINESS SALES

Amount in \$ millions, 2022



Note: Number indicates three-digit IMPLAN industry code corresponding to each sector (IMPLAN industry classifications have 546 industries).

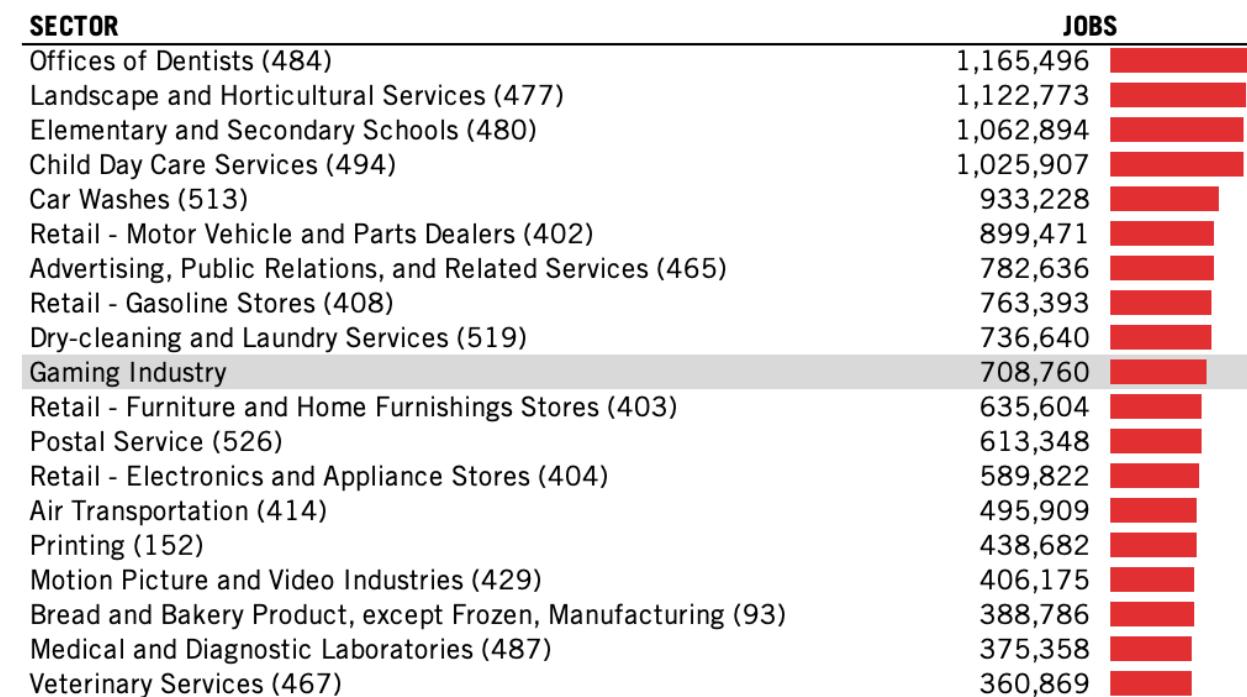
Source: IMPLAN; Oxford Economics

COMPARISON TO OTHER SECTORS

Direct employment in the gaming industry is larger than in the air transportation, postal service, or the motion picture and video sectors.

INDUSTRY COMPARISONS: DIRECT JOBS

2022



Note: Number indicates three-digit IMPLAN industry code corresponding to each sector (IMPLAN industry classifications have 546 industries).

Source: IMPLAN; Oxford Economics

Impacts on Other Sectors

Gaming-sector economic activity also supports activity in other sectors. The accompanying table shows impacts of commercial casinos and Native American casinos, excluding gaming manufacturers.

It reports \$142.0 billion of direct spending, with the largest amounts in the arts, entertainment and recreation sector (includes casinos) and accommodation and food service (includes casino hotels). It also shows the supply chain (indirect) effects as casinos and other businesses purchase goods and services from other sectors and the consumer spending (induced) effects of employee earnings. These effects support significant total activity in the manufacturing sector (\$20.0 billion) and real estate and rental sector (\$16.0 billion) and across a range of other sectors.

CASINO IMPACT ON OTHER INDUSTRIES: BUSINESS SALES

Amount in \$ billions, 2022

Total	DIRECT	INDIRECT	INDUCED	TOTAL
	\$142.0	\$78.6	\$86.3	\$306.9
Agriculture, Forestry, Fish and Hunting (11)	0.0	0.7	1.2	1.8
Mining (21)	0.0	0.8	0.4	1.3
Utilities (22)	0.0	4.1	1.9	6.0
Construction (23)	3.3	9.1	0.7	13.1
Manufacturing (31-33)	0.0	10.0	10.0	20.0
Wholesale trade (42)	0.2	3.7	4.9	8.7
Retail Trade (44-45)	6.6	0.9	6.4	13.9
Transportation and Warehousing (48-49)	3.9	2.8	2.9	9.6
Information (51)	0.0	7.9	5.7	13.6
Finance and Insurance (52)	0.0	3.7	10.8	14.4
Real Estate and Rental (53)	0.0	4.2	11.8	16.0
Professional, Sci., Tech. Services (54)	0.0	6.8	4.3	11.0
Management of Companies (55)	0.0	4.1	1.5	5.7
Administrative, Support, Waste Mgt. (56)	0.0	4.8	2.9	7.7
Educational Services (61)	0.0	0.1	0.9	1.0
Health Care and Social Assistance (62)	0.0	0.0	9.5	9.5
Arts, Entertainment and Recreation (71)	69.6	0.7	1.0	71.3
Accommodation and Food Services (72)	58.2	3.5	4.6	66.3
Other Services (except Public Admin.) (81)	0.2	1.1	3.6	5.0
Government Enterprises (9A)	0.0	1.6	1.2	2.9
Administrative Government (9B)	0.0	8.0	0.0	8.0

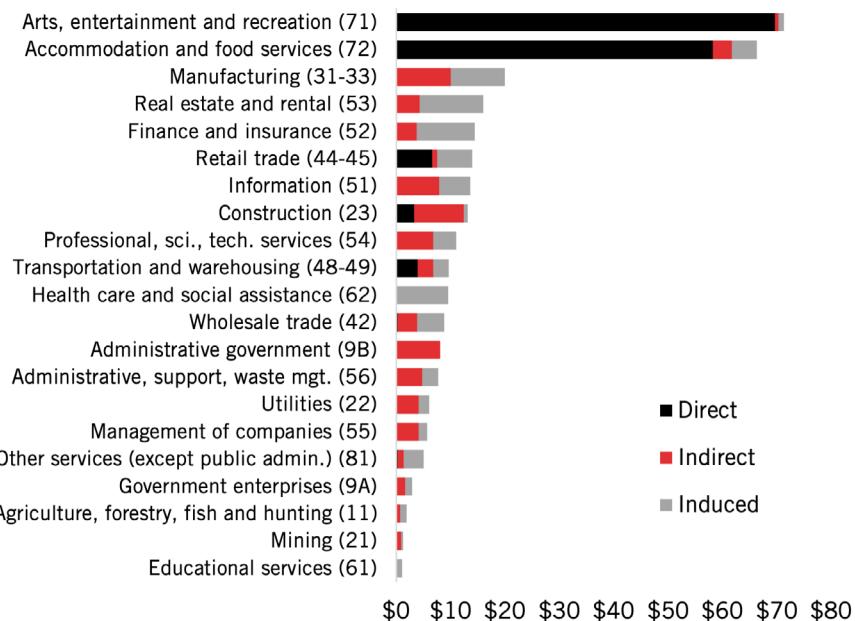
Note: Number indicates two-digit sector code in the North American Industry Classification System (NAICS). Includes Native American casino impacts estimated using commercial casino impact analysis. Excludes impact of gaming manufacturers.

Source: Oxford Economics

IMPACTS ON OTHER SECTORS

CASINO (COMMERCIAL AND NATIVE AMERICAN) IMPACT ON OTHER INDUSTRIES: BUSINESS SALES

Amount in \$ billions, 2022



Note: Number indicates two-digit sector code in the North American Industry Classification System (NAICS). Includes Native American casino impacts estimated using commercial casino impact analysis. Excludes impact of gaming manufacturers.

Source: Oxford Economics

CASINO (COMMERCIAL AND NATIVE AMERICAN) IMPACT ON OTHER INDUSTRIES: JOBS

Amount in \$ billions, 2022

Total	DIRECT	INDIRECT	INDUCED	TOTAL
Agriculture, Forestry, Fish (11)	0.0	5.7	9.9	15.0
Mining (21)	0.0	1.2	0.7	1.9
Utilities (22)	0.0	3.3	1.9	5.2
Construction (23)	17.3	61.5	3.6	86.2
Manufacturing (31-33)	0.1	23.2	23.7	46.2
Wholesale Trade (42)	0.5	10.9	15.8	26.4
Retail Trade (44-45)	32.9	7.5	69.8	105.4
Transportation and w. Housing (48-49)	26.3	24.5	27.1	77.7
Information (51)	0.0	9.9	10.0	19.6
Finance and Insurance (52)	0.0	11.4	39.8	48.3
Real Estate and Rental (53)	0.0	18.4	24.3	41.6
Professional, Sci., Tech. Services (54)	0.0	38.0	27.9	65.6
Management of Companies (55)	0.0	17.0	7.3	24.6
Admin., Support, Waste Mgt. (56)	0.0	45.7	33.2	78.6
Educational Services (61)	0.0	1.3	15.7	15.6
Health Care and Social Assistance (62)	0.0	0.0	100.7	91.6
Arts, Entertainment and Rec. (71)	370.8	8.4	13.9	404.7
Accomm. and Food Services (72)	231.0	48.1	61.6	345.6
Other Services (ex. Public Admin.) (81)	6.4	13.1	51.7	67.6
Government Enterprises (9A)	0.0	8.8	6.0	14.8
Administrative Government (9B)	0.0	95.6	0.0	101.2

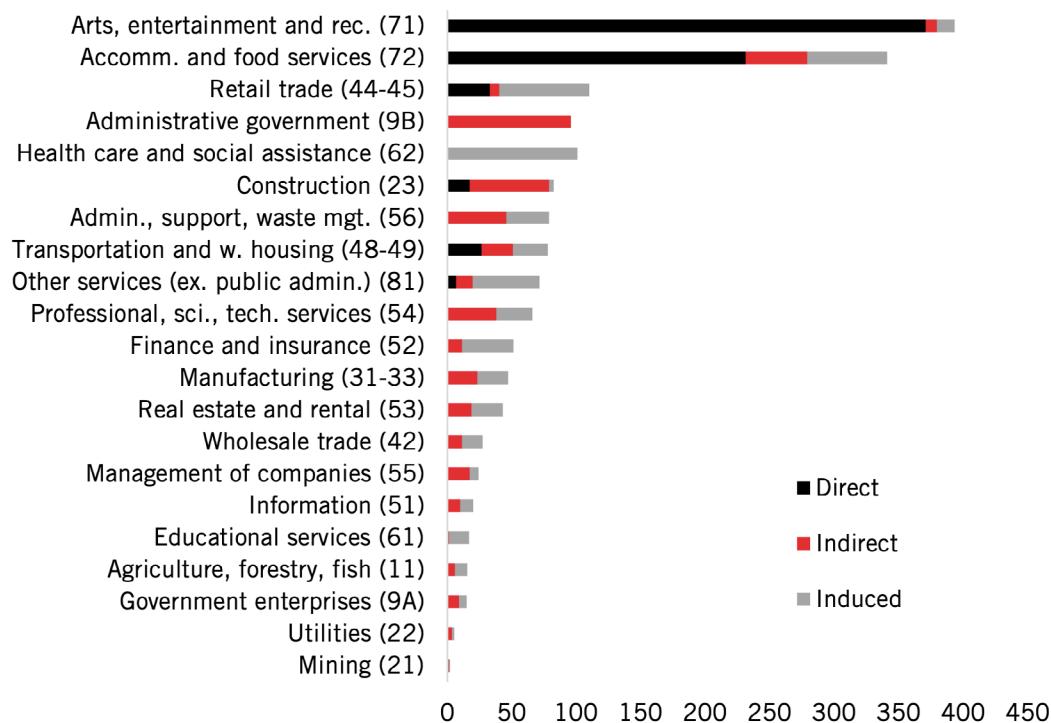
Note: Number indicates two-digit sector code in the North American Industry Classification System (NAICS). Includes Native American casino impacts estimated using commercial casino impact analysis. Excludes impact of gaming manufacturers.

Source: Oxford Economics

IMPACTS ON OTHER SECTORS

CASINO (COMMERCIAL AND NATIVE AMERICAN) IMPACT ON OTHER INDUSTRIES: JOBS

Amount in thousands of job, 2022



Note: Number indicates two-digit sector code in the North American Industry Classification System (NAICS). Includes Native American casino impacts estimated using commercial casino impact analysis. Excludes impact of gaming manufacturers.

Source: Oxford Economics

Method

COMPONENTS OF ECONOMIC IMPACT ANALYSIS

We assess the economic impact of the gaming industry using a standard approach known as an economic impact analysis that quantifies the impact across three “core” channels:

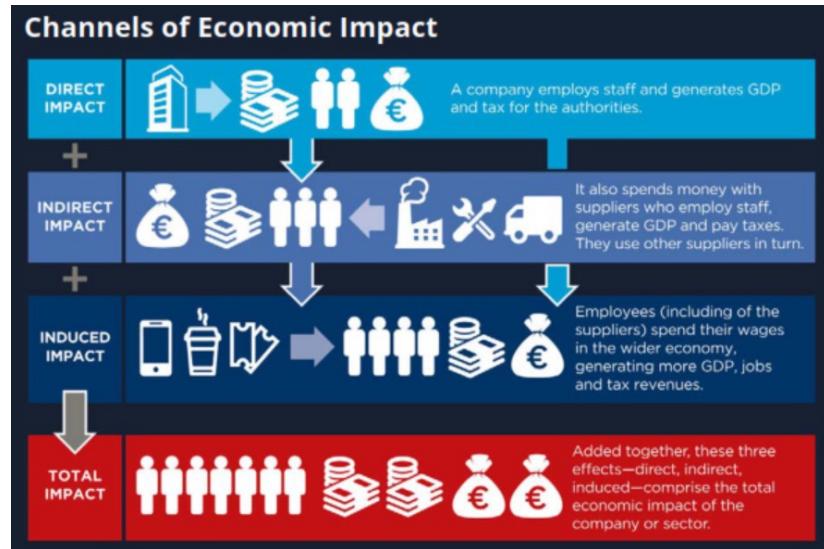
- ◆ Gaming spending (direct) impacts — consist of spending on-site at casinos, catalytic spending by casino patrons during their casino trip, capital investment and the revenue of gaming manufacturers – and the corresponding jobs and labor income involved in providing those services. For example, employees of casinos are considered direct impacts. Also, a share of the employees at off-site hotels and restaurants that benefit from catalytic spending by casino patrons are direct impacts.
- ◆ Supply chain (indirect) impacts — represent supply chain impacts that follow on from direct impacts. For example, casinos require inputs such as food; beverages; utilities; various services such as marketing, legal, technical, maintenance, repair and cleaning; and other professional and financial services.
- ◆ Consumer spending (induced) impacts — capture the income effect and flow on to household consumption. Direct and indirect impacts generate employment and wages and employee then spend elsewhere in the economy.

CONCEPTS

This approach enables us to present the economic impacts across five key metrics:

- ◆ Business sales (output) — represents business revenue, plus certain taxes such as sales and lodging taxes.
- ◆ GDP — the gross-value added contribution to GDP. Represents the value of goods and services produced by the business or sector after accounting for costs of inputs.
- ◆ Jobs — the number of full- and part-time jobs supported.
- ◆ Wages and salaries — includes the wages paid to workers, as well as tips, benefits and employer social security contributions.
- ◆ Taxes — tax revenue received by federal, state and local governments.

METHODS



MODELING

Our analysis of gaming industry spending served as an input for the economic impact model we used to estimate the downstream impacts of the sector. This model is also referred to as an input-output (I-O) model.

For the I-O modeling in this analysis, we used a customized sum-of-the-parts model based on the IMPLAN modeling system, a well-respected economic impact analysis tool, to quantify key relationships in the economy. The IMPLAN model traces the flow of direct expenditures through the economy and the effects on employment, labor income and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts.

For example, when a casino patron makes a visit to a casino, a portion of their spending supports direct wages of employees at the casino, while a portion of the sale may pay for locally produced inputs, such as food and beverages. The IMPLAN model captures these types of spending relationships based on a structured analysis of economic statistics. Additionally, the IMPLAN model includes a component that measures the typical levels of federal, state and local taxes generated by specific types of economic activity.

METHODS

ESTIMATES OF DIRECT ECONOMIC ACTIVITY

We estimated gaming industry direct spending based on several key sources.

Commercial Casino Spending, Employment, Wages and Other Economic Activity

- ◆ Gaming revenue at commercial casinos was based on reporting of gross gaming revenue to state regulatory agencies (e.g., state gaming control boards) as tracked by AGA.
- ◆ Non-gaming revenue, employment, payroll, tips, operating expenses, sales and lodging taxes and third-party outlet revenue were estimated based on casino reporting to selected state regulatory agencies (e.g., Nevada and New Jersey), statistical agencies including the Bureau of Labor Statistics, a survey of casino operators conducted for this study, public company filings, casino financial results for specific facilities and IMPLAN tables.
- ◆ We conducted the analysis at a state level and aggregated the results to national totals.

Catalytic Spending

- ◆ Our estimates of total catalytic spending are based on Longwoods International's Travel USA survey of domestic travel. It reflects total spending outside casinos by travelers who indicated that a casino was the main purpose for their trip, adjusted to remove spending estimated to have occurred onsite at casinos.

Capital Investment

- ◆ Our estimates of capital investment are based on a ratio to casino revenue to conservatively represent average sustained investment over time.

Native American Casinos

- ◆ Economic activity for Native American casinos was based on a report published by the Indian Gaming Association. (Indian Gaming Association, (2022), "The Nationwide Economic Impacts of Indian Gaming Industry in 2022", Dupuis Consulting Group, LLC.
- ◆ We updated Native American casino results based on Indian Gaming Association estimates updated based on National Indian Gaming Commission (NIGC) reporting of \$40.9 billion of gaming revenue at Native American casinos during FY2022 (based on financial statements of gaming operations for fiscal years ending in calendar 2022). Using this estimate of gaming revenue, we updated total business sales supported by Native American casinos to \$97.0 billion.

Gaming Manufacturers

- ◆ Economic activity associated with manufacturers of electronic gaming devices, systems, lotteries and other components was based on a report published by Association of Gaming Equipment Manufacturers. (Association of Gaming Equipment Manufacturers, (2021), "Impact Analysis Global Gaming Supplier Industry", Applied Analysis". Estimates pertain to impacts of companies that are either headquartered in Nevada or have some operations in the state, as a proxy for US impacts.

