
*National Gambling Impact
Study Commission*

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Steve Comer, Arthur Andersen

Prepared Remarks



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Arthur Andersen

- Global, multidisciplinary professional services organization.
- Employs more than 50,000 people in 363 offices located in 78 countries.
- Provides services to a diverse clientele in all industries including gaming.
- Has prepared numerous studies on the economic impact of gaming at both the national and local levels.



Economic Impacts of Casino Gaming In The United States

- Two studies prepared for the American Gaming Association
 - Volume I - Economic Impacts of Casino Gaming in the United States - Macro Study.
 - Volume II - Economic Impacts of Casino Gaming in the United States - Micro Study.
- Macro study components:
 - Economic Impacts of the Casino Gaming Industry
 - Size and Growth
 - Jobs and Wages
 - Taxes
 - Capital Investment
 - Other industry comparatives
 - Economic Growth in the United States
 - Macro-Economic Considerations



Focus of Today's Presentation

- Casino gaming jobs and economic growth in the United States
- Overlooked economic impacts
- Social costs and benefits



*Jobs and Economic Growth In
The
United States*



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How Our Economy Grows

Our economy grows because it creates good paying jobs for people who spend money on the goods and services they desire.



Jobs and the Economy

- ❑ Good paying jobs = Economic Engine
- ❑ Spend money on goods and services = Demand
- ❑ They desire = Demand



Jobs and Wages

- ❑ Casino gaming directly employs more than 325,000 people.
- ❑ Aggregate wages are greater than \$8.3 billion.
- ❑ The casino gaming industry employs more people per dollar of revenue than a number of other industries.
- ❑ The casino gaming industry provides well paying jobs that match the nation's average and compare favorably to other industry national wage averages.
- ❑ Provides employees and dependents with health and welfare benefits.
- ❑ Provides varied and meaningful jobs that are no different than other jobs throughout the United States.
- ❑ Provides entry level positions.



Jobs are no different than tens of millions of other jobs:

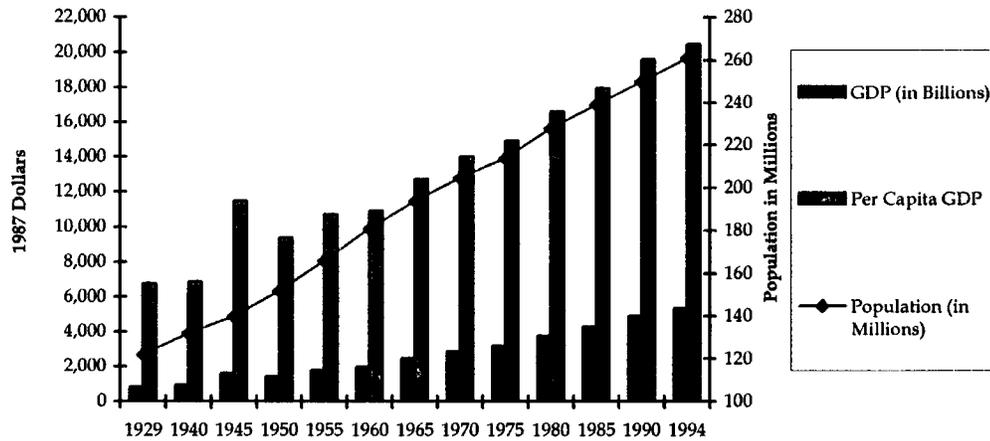
- Gaming Industry
- Soft Drinks
- Motion Pictures
- Television
- Resort Hotel Industry
- Cable Television
- Golf, Sport Fishing, Bowling
- Advertising



Why is it that “non-necessities” such as entertainment, recreation and travel are critical to the nation’s economy?



Total and Per Capita GDP

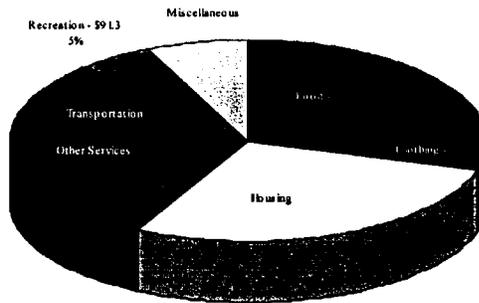


The economy in total and on a per capita basis (as measured by GDP) is growing as consumers reallocate their expenditures to recreation, including gaming.

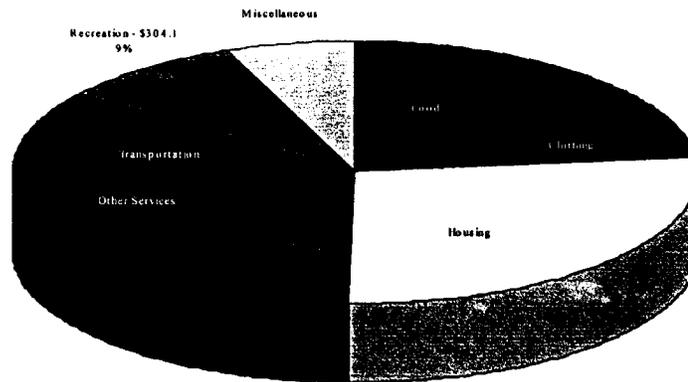


Personal Consumption Expenditures in the U.S. - 1970 and 1993

1970 Total = \$1,813.5 billion (in 1987 dollars)



1993 Total = \$3,458.7 billion (in 1987 dollars)



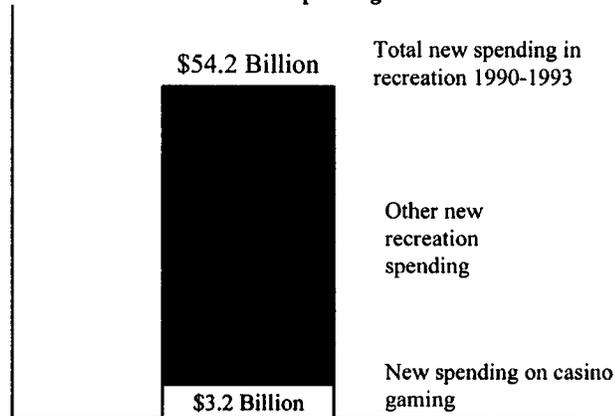
□ Recreation expenditures are growing faster than any other major component of the economy.



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Casino Gaming Growth Compared To Total Recreational Spending Growth

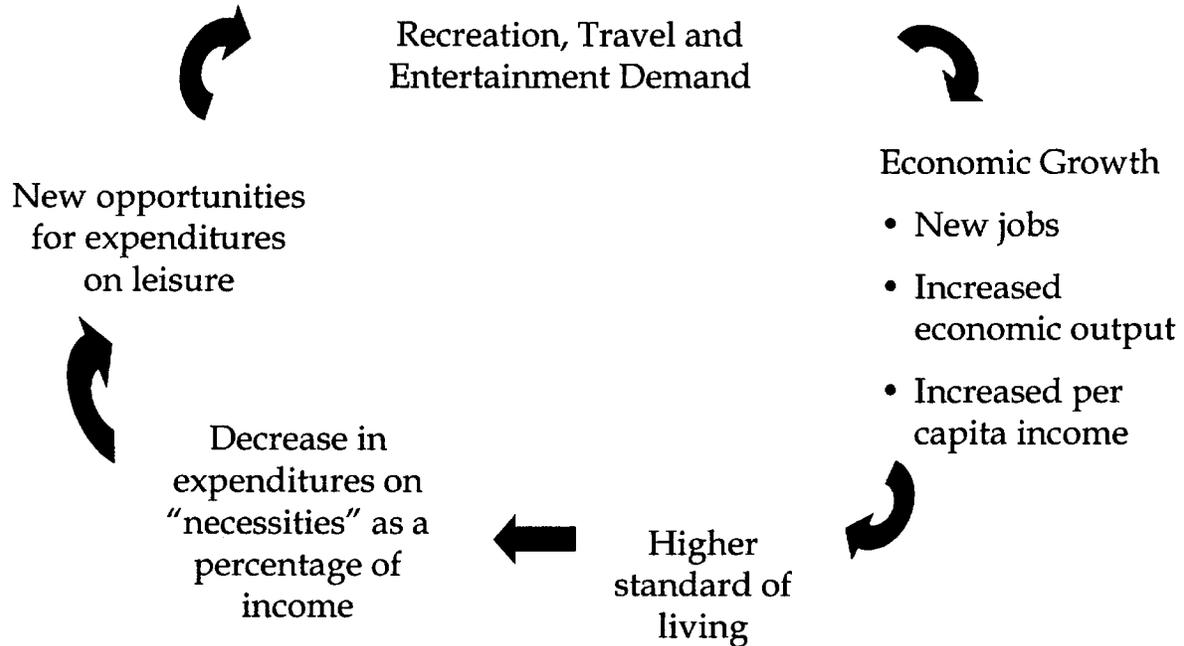
Increased Recreation Spending - 1990 to 1993



Casino gaming is just a small part of recreational growth, even during a period of explosive casino gaming growth.



Recreation, travel and entertainment industries are a critical part of economic growth



The Casino Gaming Industry's Impact on the Economy

- The impact of the casino gaming industry is no different to other industries:
 - Contributes to economic development
 - Creates new jobs
 - Stimulates income growth
 - Wage earner income is re-spent on more goods and services
 - Results in increased recreation, travel and entertainment spending



Overlooked Economic Impacts



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Economic Impact Of International Visitors

- ❑ International visitors contribute significantly to the U.S. casino gaming industry

	<u>Las Vegas</u>	<u>Atlantic City</u>
--	------------------	----------------------

- | | | |
|-------------------------|-----|----|
| ❑ % of Foreign Visitors | 19% | 7% |
|-------------------------|-----|----|

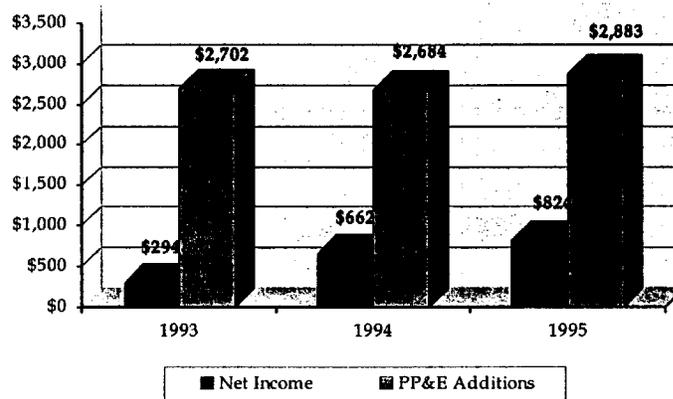
- ❑ Estimated dollar contribution in excess of \$2 billion



Capital Investment

Casino gaming companies are investing more money than they make. The investment-to-profit ratio for the major casino companies in 1995 was 3-to-1.

Net Income And Capital Additions, Public Gaming Companies, 1993-1995
(in millions)

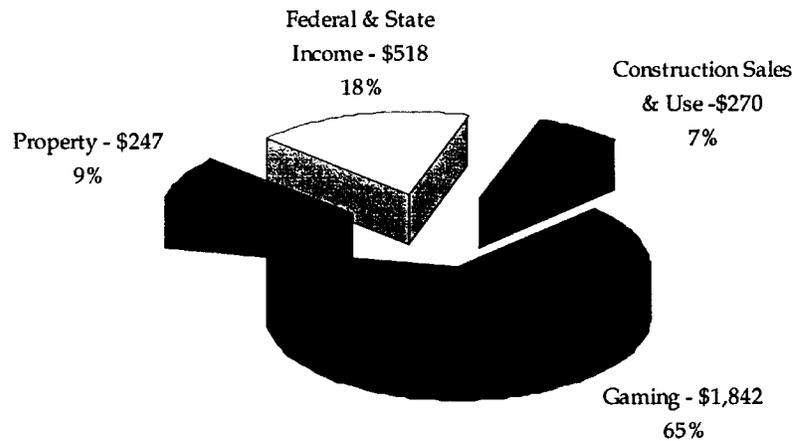


- Capital expenditures by 30 public gaming companies totalled \$8.3 billion between 1993 and 1995, while income over the same period was \$1.8 billion.
- Total capital expenditures from 1993 to 1995 total almost \$13 billion.



Taxes

Direct Taxes Paid By Casino Gaming Companies, 1995 (in millions)



- ❑ The Gaming Industry pays gaming taxes ranging from 8% to 30% + of gaming revenues
- ❑ This results in gaming taxes of nearly \$2 billion paid to state/local government
- ❑ These taxes were designated for expenditures such as:
 - Infrastructure improvements - roads, sewers, etc.
 - Education
 - Benefits for elderly and disabled
 - Historical restoration



The Social Impacts of Casino Gaming



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Social Benefits and Costs

- Job creation for people on public assistance
- Social benefits of a job on all family members
- Social benefits of health care insurance for all family members
- Education, infrastructure and elderly benefits
- Compulsive gambling
- Measurement issues



SUMMARY

- ❑ Economic prosperity is driven by job creation.
- ❑ The casino gaming industry is a highly efficient creator of jobs (high labor costs).
- ❑ Casino gaming jobs are no different than tens of millions of jobs in other industries.

