

## GAMING REVENUES

SQ 712, which Oklahoma voters approved in the fall of 2004, had two principal components:

- It authorized a set number of gaming terminals at each of three racetracks (Remington Park, Blue Ribbon Downs and Will Rogers), and authorized or prohibited specific categories of games;
- It set up a model compact between the state and Native American tribes to regulate Class III tribal gaming operations. Under the compact, tribes were authorized to operate specified Class III games in return for making exclusivity payments to the state.

The measure provides for the state to receive a share of gaming revenues generated by the compacting tribes and racetracks. The state's share of adjusted gross revenues begins at 4 percent of tribal games subject to the compact (10 percent for card games), and at 10 percent of revenues from racetrack gaming. The state share rises if revenues from particular tribes and racetracks exceed certain thresholds.

After an initial \$250,000 is allocated to the Department of Mental Health and Substance Abuse Services for gambling education and treatment, revenues are divided as follows:

- 87.5 percent to the 1017 Education Reform Fund, which can be appropriated only to the Department of Education.
- 12.5 percent to the Oklahoma Higher Education Learning Access Program (OHLAP) Trust Fund for scholarships.

State revenues from gaming have grown from \$2.3 million in FY '05 to \$18.7 million in FY '06, \$56.8 million in FY '07, \$92.2 million in FY '08, \$119.0 million in FY '09, and \$132.1

million in FY '10. While gaming revenues continued to climb by a healthy 11 percent in FY '10, the rate of annual growth has clearly begun to slow. In the United States as a whole, total casino gaming revenues and tribal gaming revenues declined in 2009.

Of the \$132.1 million collected in FY '10, \$118.2 million (89.5 percent) came from tribal gaming and \$13.9 million (10.5 percent) from the racetracks. These revenues can be further broken down as follows:

- Almost 65 percent of the \$118.2 million in tribal gaming revenues in FY '10 came from four tribes – the Chickasha (\$33.3 million), Choctaw (\$22.8 million), Cherokee (\$12.2 million) and Muskogee (Creek) (\$8.6 million). Revenue growth was greatest in FY '10 for the Choctaws, Muskogee (Creek), and Otoe Missouriia, while ten tribes saw slight declines in revenues this past year. In total, 30 tribes paid exclusivity fees to the state under the compact.
- Revenue from *electronic games* made up 87 percent

of tribal gaming revenues and grew 13 percent between FY '09 and FY '10. *Card games* made up the remaining 13 percent of gaming revenue and grew by just 3 percent in FY '09. There were almost 54,000 machines in tribal casinos in Oklahoma in 2009, trailing only California.

- About 85 percent of racetrack gaming revenue is from machines at Remington Park (\$11.7 million) and 13 percent from Will Rogers Downs (\$1.9 million). The final 2 percent of FY '10 racetrack gaming revenues came from Blue Ribbon Downs (\$0.2 million), which ceased operations in November 2009.

