

The **Updated** Economic Impact of



Winter 2023

Produced for



by



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Summary

Tribal gaming in the United States has grown rapidly, with 29 states now participating in some form. The most recent figures from the National Indian Gaming Commission indicate total nationwide tribal gaming revenue reached \$39.0 billion in 2021, up from \$34.6 billion in 2019 (prior to the pandemic) and accounting for 44.8 percent of the overall U.S. casino market.

The presence of tribal gaming based on electronic bingo at Naskila brings significant benefits to Polk County. In terms of its direct impact, Naskila is currently the 2nd largest employer in Polk County with approximately 400 total employees. These are good jobs at good wages; when benefits are included, the average employee compensation approaches \$50,000 per year. In addition, revenues from Naskila helps fund improvements on the reservation, such as housing and scholarships, as well as supporting a health clinic, day care center, and retail shops that serve the Alabama-Coushatta Tribe and the surrounding community.

When the total impact of Naskila is considered, the benefit to Polk County increases. The ongoing capital investment associated the facility injected \$2.4 million into the local economy last year, a figure that grew to \$4.8 million (and \$1.5 million in wages paid) when the ripple effects are considered. While these impacts end when the project(s) are finished, they undoubtedly have a positive impact across the community.

Naskila generated \$178.3 million in gross operating revenue this year, a figure that climbs to \$209.1 million after the impact of this revenue injection flows through Polk County. A total of 810 permanent local jobs (collectively paying \$22.5 million in annual wages) are attributable to the operational impact of Naskila, which means this facility alone accounts for over 15 percent of the private sector wages paid in Polk County. Put another way, approximately 425 local jobs beyond those on-site depend on the operational presence of Naskila and its ability to bring dollars to Polk County.

2022 Economic Impact of Naskila

	Output	Value Added	Labor Income	Employment
2022 Capital Spending	\$3,092,160	\$1,677,120	\$1,017,840	15
2022 Annual Operations	\$209,096,109	\$117,482,706	\$22,540,619	810
2022 TOTALS	\$212,188,269	\$119,159,826	\$23,558,459	825

Sources: Naskila Gaming, TXP, Inc. Note: See page 4 for definitions of economic impact terms used.

This last point is crucial. The essence of economic development is to draw funds to the local economy, either by selling locally produced goods and services outside the area or attracting visitors who will spend money once they arrive. Naskila is a prime example of the latter approach, as more than 95 percent of its customers come from outside Polk County. As such, it is responsible for over \$212 million in annual spending in the local economy, a process that benefits every stakeholder in the area.

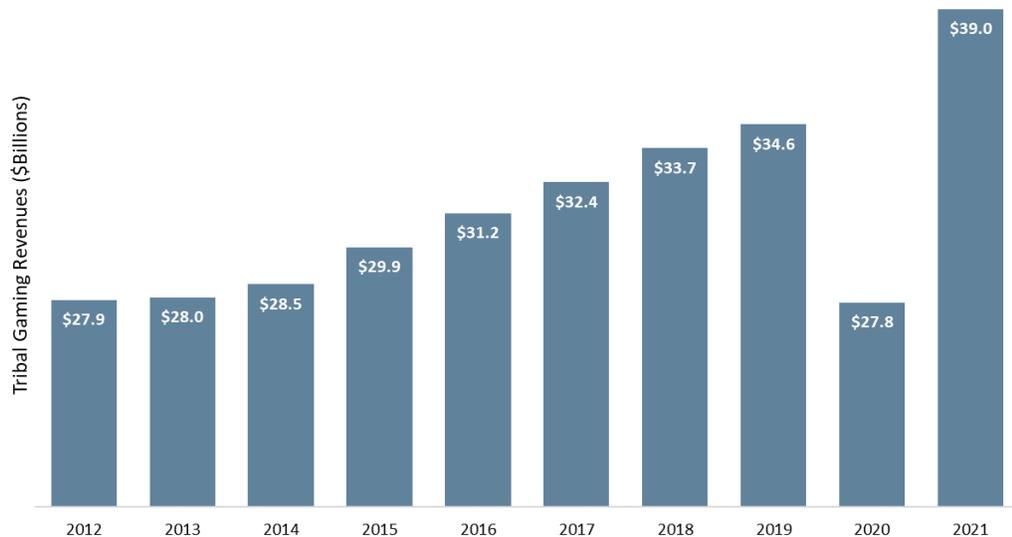
Overview

Gaming in one form or another has been part of the fabric of American life for hundreds of years. Early Native American culture had games and language describing gambling and believed their gods determined fate and chance. In addition, European colonists brought a history of gaming to American soil, with the British colonization of America funded partially by lottery proceeds. Later, institutions of higher learning such as Harvard, Yale, and Dartmouth utilized lotteries to help build dormitories and supply equipment, and a lottery actually helped pay for a portion of the American Revolution.

The first commercial casino in the U.S. opened in Nevada in 1931. For more than forty years, Nevada was the only state where casino gaming was offered. In 1976, New Jersey voters approved legislation to allow gaming in Atlantic City, and the first casino opened two years later. Since then, gaming has proliferated, as 40 states now have some type of casino gaming presence.

Tribal gaming is a significant and growing part of the overall picture, with 29 states now participating in some form. The most recent figures from the National Indian Gaming Commission indicate total nationwide tribal gaming revenue reached \$39.0 billion in 2021, up from \$34.6 billion during 2019 (prior to the pandemic) and accounting for 42.4 percent of the overall U.S. casino market.¹

Figure 1: Tribal Gaming in the United States (\$Billions)



Sources: National Indian Gaming Commission, TXP

¹ Based on a reported \$52.0 billion in commercial gaming revenue from the American Gaming Association.

Strong revenue recovery in the wake of COVID-19 is just one marker of tribal gaming’s economic footprint. In addition, casino operations have strengthened sovereign tribal governments and helped many tribes achieve economic self-sufficiency, both within and outside the gaming industry. This is the case with the Alabama-Coushatta Tribe, one of only three federally recognized tribes in the State, with roots in East Texas since the late 18th century. Today, the Alabama-Coushatta Reservation comprises approximately 10,200 acres in Polk County, 17 miles east of Livingston, Texas adjacent to Big Thicket National Preserve.

In the summer of 2016, the Alabama-Coushattas opened Naskila Casino (Naskila) on the reservation. Originally, the facility was 15,000 square feet with 365 Class II electronic bingo machines. In August 2017, Naskila doubled in size, expanding to over 30,000 square feet. The facility now features almost 800 Class II electronic bingo machines, an 88-seat restaurant, a café with an outdoor covered patio, and some retail offerings.

In order to fully understand the growing impact of Naskila on the local economy, the Texas Forest Country Partnership commissioned TXP to produce the following updated economic impact report, reflecting activity post-pandemic. The analysis is divided into two sections: 1) the impact of capital spending, and 2) the impact of annual operations.

Economic Impact of Naskila Gaming

Model Inputs & Assumptions

Capital Spending & Ongoing Annual Operating Expenditures

Total new capital spending at Naskila during 2022 was \$2.4 million, largely reflecting planning work related to new projects. Meanwhile, total estimated Naskila annual gross operating revenue for 2019 was \$178.3 million, including gaming revenue (defined as equivalent to the amount of the entry fee minus the amount paid out in prizes, commonly referred to as the “handle”), eating & drinking, retail, and miscellaneous (such as operation of ATM machines). Naskila has approximately 400 full-time employees, who earn \$38,255 per year on average before adding the value of the extensive benefits package that Naskila provides to employees.

Economic Impact Methodology

Economists use a number of statistics to describe regional economic activity. Four common measures are “Output,” which describes total economic activity and is generally equivalent to a firm’s gross sales or top-line; “Value Added,” which equals gross output of an industry or a sector less its intermediate inputs or purchases from other firms used in the production process; “Labor Income,” which corresponds to wages and benefits; and “Employment,” which refers to jobs that have been created in the local economy.

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced.

Direct effects are changes associated with the immediate effects or final demand changes. Spending by patrons for gaming, retail purchases, food, etc. while they at Naskila are examples of direct effects.

Indirect effects are changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand from customers means that restaurants must purchase food, supplies, and other services. These downstream purchases affect the economic output of other local merchants.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. The restaurant owner experiences increased income from visitor spending, as does the cleaning supplies outlet. Induced effects capture the way in which increased income is spent in the economy.

A multiplier reflects the interaction between different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, all other sectors produce an additional \$400 in output. The larger the multiplier, the greater the economic impact. Since Naskila is located in the Polk County, TXP used the RIMS II input-output multipliers produced by the U.S. Bureau of Economic Analysis for that area.

Figure 2: The Flow of Economic Impacts



Economic Impact Results

Naskila Capital Spending

During 2022 the Alabama-Coushatta Tribe invested an additional \$2.4 million in capital improvements at Naskila. The estimated total economic output impact related to this investment is approximately \$3.1 million, with \$1.7 million in value-added. The increase in regional economic activity supported an estimated 15 total jobs with labor income of about \$1.0 million. The economic impacts associated with capital investment are finite; once the projects are complete, these impacts come to an end. See Table 1 for more detail.

Table 1: Naskila Total 2022 Capital Spending Economic Impact in Polk County

Industry Sector	Output	Value Added	Labor Income	Employment
Agriculture	\$1,440	\$720	\$240	NA
Mining	\$240	NA	NA	NA
Utilities	\$1,440	\$960	\$240	NA
Construction	\$12,960	\$7,440	\$2,880	NA
Durable Mfg.	\$10,800	\$3,600	\$1,200	NA
Non-Durable Mfg.	\$4,560	\$1,920	\$480	NA
Wholesale trade	\$13,920	\$9,360	\$2,880	NA
Retail trade	\$98,400	\$65,760	\$28,320	1
Trans./Warehouse	\$27,360	\$14,880	\$7,200	NA
Information	\$34,800	\$20,880	\$5,760	NA
Finance/Insurance	\$63,360	\$35,760	\$9,600	NA
Real Estate	\$170,160	\$120,000	\$26,400	1
Prof./Tech. Services	\$2,443,920	\$1,275,360	\$867,840	11
Mgmt. of Companies	\$14,640	\$8,880	\$6,240	NA
Admin. Services	\$25,680	\$15,360	\$7,920	NA
Educational Services	\$5,040	\$3,120	\$1,440	NA
Health Care, etc.	\$61,200	\$36,960	\$18,000	NA
Arts/Recreation	\$2,160	\$1,200	\$240	NA
Accommodation	\$5,280	\$3,360	\$1,200	NA
Eating/Drinking	\$50,640	\$27,120	\$14,160	1
Other services	\$44,160	\$23,280	\$14,400	NA
Households	NA	NA	\$1,200	NA
Total	\$3,092,160	\$1,677,120	\$1,017,840	15

Source: TXP, Inc.

Note: See page 4 for definitions of economic impact terms used.

Naskila Annual Operations Economic Impact

Direct Naskila gross revenue this past year of \$178.3 million translates into aggregate economic impact of operations of \$209.1 million in economic activity/output, with \$117.5 million in value-added. This increase in regional economic activity supported 810 total jobs with labor income of approximately \$22.5 million. See Table 2 for more detail.

Table 2: Naskila 2022 Operations Economic Impact in Polk County

Industry Sector	Output	Value Added	Labor Income	Employment
Agriculture	\$59,767	\$39,008	\$18,665	1
Mining	\$430	NA	NA	NA
Utilities	\$109,962	\$55,846	\$18,262	NA
Construction	\$423,854	\$249,127	\$96,601	2
Durable Mfg.	\$136,689	\$43,840	\$20,759	NA
Non-Durable Mfg.	\$327,799	\$126,709	\$36,511	1
Wholesale trade	\$575,765	\$390,216	\$129,487	2
Retail trade	\$2,818,412	\$1,892,284	\$815,773	27
Trans./Warehouse	\$1,374,163	\$697,363	\$292,865	6
Information	\$2,862,323	\$1,682,112	\$534,968	10
Finance/Insurance	\$7,389,497	\$4,003,598	\$1,340,393	21
Real Estate	\$6,442,381	\$4,542,821	\$1,004,479	37
Prof./Tech. Services	\$2,130,374	\$1,552,797	\$924,806	14
Mgmt. of Companies	\$939,807	\$563,895	\$396,520	5
Admin. Services	\$3,232,816	\$1,851,359	\$856,016	31
Educational Services	\$114,383	\$75,902	\$37,838	1
Health Care, etc.	\$1,361,284	\$824,322	\$402,602	10
Arts/Recreation	\$171,884,766	\$95,209,034	\$13,397,914	557
Accommodation	\$148,185	\$92,897	\$37,002	1
Eating/Drinking	\$5,061,299	\$2,653,964	\$1,599,780	69
Other services	\$1,702,151	\$915,394	\$559,159	13
Households	NA	NA	\$20,218	3
Total	\$209,096,109	\$117,482,706	\$22,540,619	810

Source: TXP, Inc.

Note: See page 4 for definitions of economic impact terms used.



Discussion

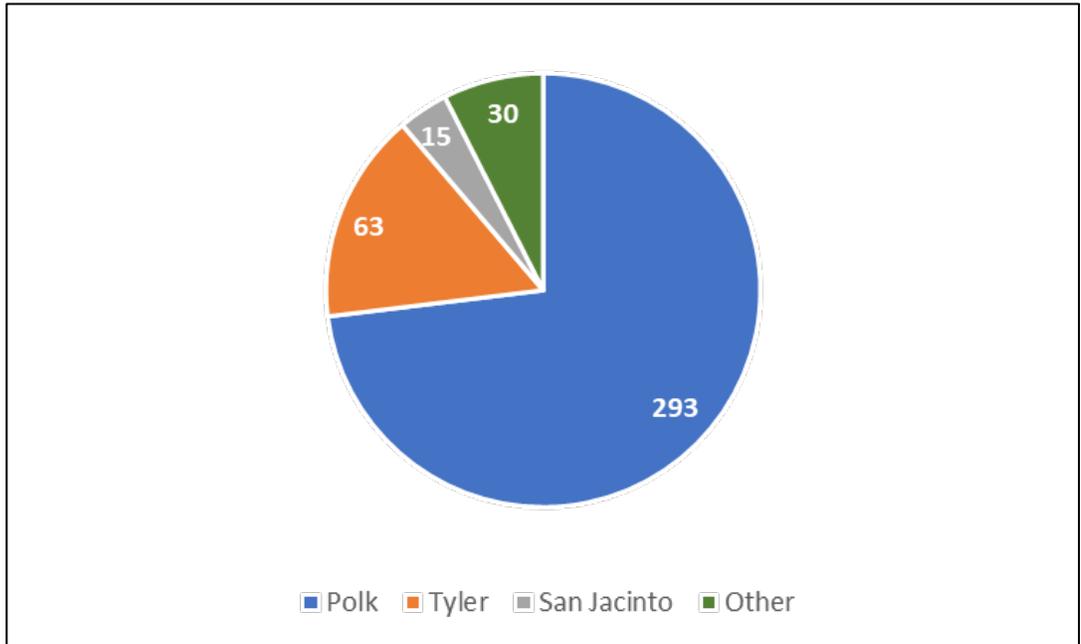
The presence of tribal gaming brings significant benefits to Polk County. In terms of its direct impact, Naskila is currently the 2nd largest employer in Polk County with approximately 400 total employees. Less than half of these employees come from the Alabama-Coushatta Tribe, with the majority coming from surrounding areas. These direct jobs pay an average of \$38,255; when benefits such as 401(k) plans and health insurance are included, the average total employee compensation approaches \$50,000 per year.

Beyond the benefits to those directly employed, revenues from Naskila provide funding for improvements on the reservation, such as housing and scholarships, as well as supporting a health clinic, day care center, and retail shops that serve the Tribe and the surrounding community.

When the total impact of Naskila is considered, the benefit to Polk County increases. The ongoing capital investment associated with the facility injected \$3.8 million into the local economy over the past two years, a figure that grew to \$4.8 million (and \$1.5 million in wages paid) when the ripple effects are considered. While these impacts end when the projects are finished, they undoubtedly have a positive impact across the community.

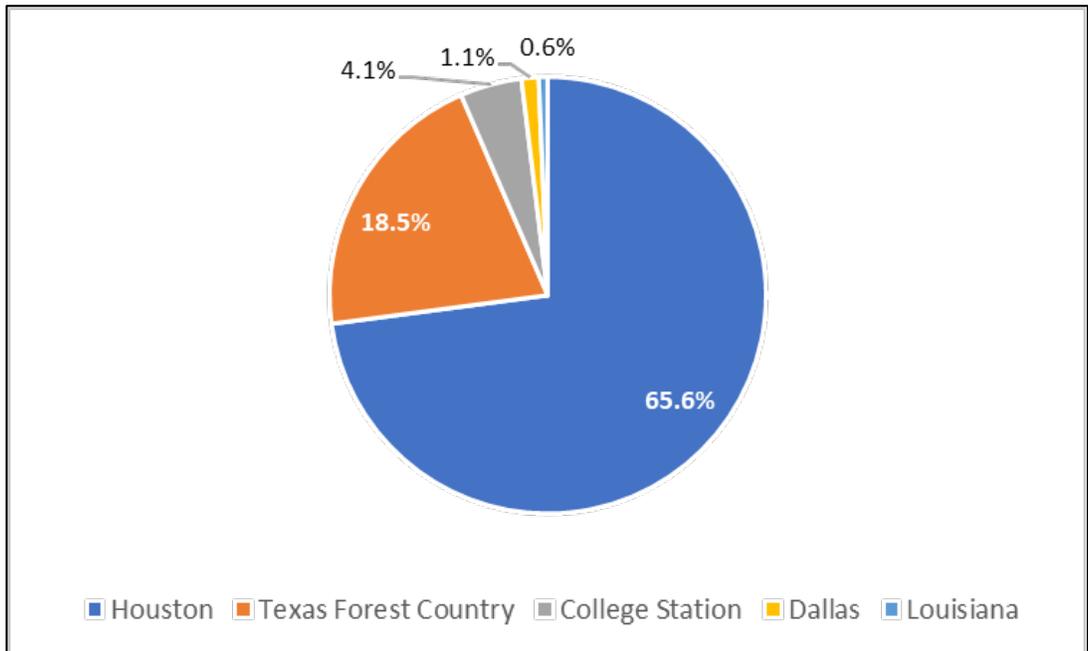
As mentioned above, this year Naskila injected \$212 million into the economy of Polk County and is responsible for 825 permanent local jobs, 425 of which are local jobs beyond those employed at Naskila, with a collective payroll of \$22.5 million. This economic impact and these jobs would simply not exist without Naskila. Because 95 percent of Naskila's customers come from outside of Polk County, and more than 80 percent come from outside the region, Naskila is economic engine that benefits every stakeholder in the region.

Figure 3: Naskila Employee County of Residence



Sources: Naskila Gaming, TXP

Figure 4: Location of Naskila Customers



Sources: Naskila Gaming, TXP



About Texas Forest Country Partnership

The Texas Forest Country Partnership (TFCP), formerly known as the Pineywoods Economic Partnership and the Deep East Texas Development Association, was founded in 1960 as a non-profit economic development organization. The TFCP is the leader of all economic development efforts across the East Texas region. Its primary mission is to enrich the economic prosperity of the region through marketing, business development and advocacy.

TFCP goals are to strengthen regional involvement and decision-making to support economic growth, promote a highly qualified, well-trained workforce, support rural diversification and the regeneration of the East Texas region.

These goals are based on a landscape where jurisdictions can build upon shared strengths and cost effectively provide business attraction and retention services that bring greater prosperity. The 12 counties that the TFCP serves are Angelina, Houston, Jasper, Nacogdoches, Newton, Polk, Sabine, San Augustine, San Jacinto, Shelby, Tyler, and Trinity.

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