

# State of the States

The AGA Survey of Casino Entertainment

2002

# President's Message

The American Gaming Association (AGA) is pleased to present the fourth annual *State of the States: The AGA Survey of Casino Entertainment*.

As in previous years, we have documented our industry's tangible contributions to the economy in terms of jobs and tax revenue. The survey also provides information in areas that frequently are misrepresented, such as the size of our industry, how we compare to other forms of entertainment and how casino gambling was legalized in each state.

Measuring Americans' perceptions about gambling helps us challenge negative assumptions and gauge to what degree Americans actually see the benefits the industry brings to communities throughout the country. This year's poll, conducted by Peter D. Hart Research Associates, Inc., and The Luntz Research Companies, compares the lifestyles of the overall U.S. population to those Americans who choose to gamble. The results contradict a stereotype perpetuated by gambling opponents that people who gamble are not representative of the population as a whole.


The results also give us insight into how American attitudes change over time. In the case of casino gambling, there has been remarkable consistency year to year in Americans' responses to questions involving their participation in gambling activities, as well as their views of the industry's acceptability, economic benefits and entertainment value.

As the national trade association representing the commercial casino industry, the AGA is dedicated to its mission of providing the facts about our business and its positive impact on our nation's economy to the general public, policy-makers and the media. This survey is one of the most important ways the AGA disseminates this information each year to these different audiences.

We hope you will find the statistics and polling results presented here useful.



Frank J. Fahrenkopf, Jr.



Note: Because the American Gaming Association represents the commercial casino industry, this survey strives to give the reader a detailed picture of that particular segment of the industry nationwide. For the purposes of this survey, we have defined “commercial casinos” to include private sector (i.e., nongovernmental) land-based, riverboat, dockside and limited-stakes casinos.

There are, however, a number of other related segments that warrant mention in the survey to give readers a more complete picture of the casino industry’s overall economic contributions. Information on both racetrack casinos — whose operations are a hybrid of casinos, lotteries and pari-mutuel facilities, depending on the state — and American Indian casinos are included in the “Overview of Casino Entertainment” section. Where offered in existing commercial casino states (Iowa and Louisiana), those statistics are included in the both the “Economic Impact” and “Casino Jobs” profiles.

Unless otherwise noted, all data in this survey are for calendar year 2001.

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# Executive Summary

## Overview of Casino Entertainment

Despite a slow economy and unprecedented challenges to the tourism industry, the commercial casino industry in 2001 continued to be an important contributor to the U.S. economy, growing by nearly 5 percent, providing more than 364,000 jobs with wages of \$11.5 billion and paying \$3.6 billion in taxes to state and local governments. There were 433 commercial casinos in the United States in 2001 operating in 11 states.

The events of Sept. 11 affected nearly every business sector in the United States, but they hit those in the hospitality industry particularly hard. Nevada, the gaming industry's flagship, suffered the most of the commercial casino states, recording its first annual revenue decrease since 1981.

While Nevada experienced a drop in gross gaming revenue, other markets less dependent on air travel had mostly positive results. The largest growth markets in gaming revenues in 2001 were Michigan (34.5 percent), followed by South Dakota (13.1 percent), Missouri (10.3 percent), Illinois (5.9 percent), Indiana (5.9 percent) and Iowa (4 percent). Revenues were stable in Colorado, Louisiana, Mississippi and New Jersey.

While individual states experienced widely disparate revenue results, the industry overall continued its slow but steady growth from \$24.5 billion in 2000 to \$25.7 billion in 2001. This growth can be attributed in part to new gambling opportunities, as seen in Michigan and Missouri, while in other states, customer-friendly regulatory changes spurred industry growth, most notably the increase in the maximum bet allowed in South Dakota.

The commercial casino industry pays some of the highest corporate tax rates in the country — up to

35 percent of gross gaming revenue. The funds derived from those taxes climbed 4.2 percent in 2001, to \$3.6 billion — a significant achievement in a year when Nevada, the standard industry leader, did not contribute to that growth. Louisiana also experienced a slight drop in tax revenue, while all other states saw increases.

One of the largest growth areas within the gaming industry has been racetrack casinos (s-mutuel facilities, which include horse tracks, dog tracks or jai alai, with gaming machines on-site). In 2001, racetrack casinos produced revenue of \$2.1 billion, generating approximately \$577.9 million for state and local governments and employing approximately 8,000 people.

American Indian casinos (Class II and III compacted facilities) provided approximately 205,000 additional jobs in 23 states, according to 1999 figures.

## Casino Visitation and Participation

The industry attracted more than 52.3 million people making a total of 303 million visits to casinos in 2001, on par with visits to amusement and theme parks. There was virtually no shift in the regional sources of those visitors, as the West continued as the leader with the same share as last year. Americans also participated in gambling activities at levels almost identical to previous years. Again, casino gambling was second only to lotteries in popularity.

## Just Like US

Casino customers are everyday Americans. They reflect the average citizen of this country in many ways, filing their taxes on time, donating money to charities, exercising and eating dinner at home with their families, according to the annual poll conducted

# Executive Summary

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for the AGA by Peter D. Hart Research Associates, Inc., and The Luntz Research Companies (Hart/Luntz). In some cases, casino customers are even more likely to be involved in intellectual, civic or patriotic activities — contradicting the negative stereotypes gambling opponents perpetuate about people who gamble.

## **American Perceptions of Casino Entertainment**

The Hart/Luntz poll's annual analysis of acceptability found that 79 percent of Americans believe that casino entertainment is acceptable for themselves or others. This number has remained relatively constant from year to year. While the number of people who believe that casino gambling is acceptable for anyone went down 3 percentage points since last year's poll, the number of people who believe it is unacceptable for anyone did not show a corresponding increase. Instead, there was a 3 percent shift to the "don't know/refused" category.

A breakdown of acceptability by various demographic measures reveals interesting patterns among age groups, income levels and regions, as well as between genders. For example:

- Young people in their twenties and thirties are far more likely to see gambling as an acceptable activity than those over the age of 65. Acceptability levels decline with age — most likely a reflection of a generation that has grown up with gambling and accepted it as a part of society.
- While the number of men and women who view casino gambling as acceptable for themselves or others is nearly identical, more men than women appear to view it as an activity acceptable for themselves.
- Acceptability of casino gambling is highest in the Pacific region (Alaska, California, Hawaii, Oregon and

Washington) and lowest in the South (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia).

- In terms of income, the greatest acceptance of casino gambling as an activity for anyone came from those with the highest incomes, while those with lower incomes were more likely to see it as an activity unacceptable for anyone.

One of the recurring themes of this year's annual AGA poll is that Americans' views toward casino gambling have remained remarkably consistent from year to year.

This year's polling questions can be divided into four general categories: 1) casino benefits; 2) individual rights; 3) taxation; and 4) responsible gaming.

When asked about casino benefits overall, Americans indicated that they recognize the economic and entertainment value of casinos.

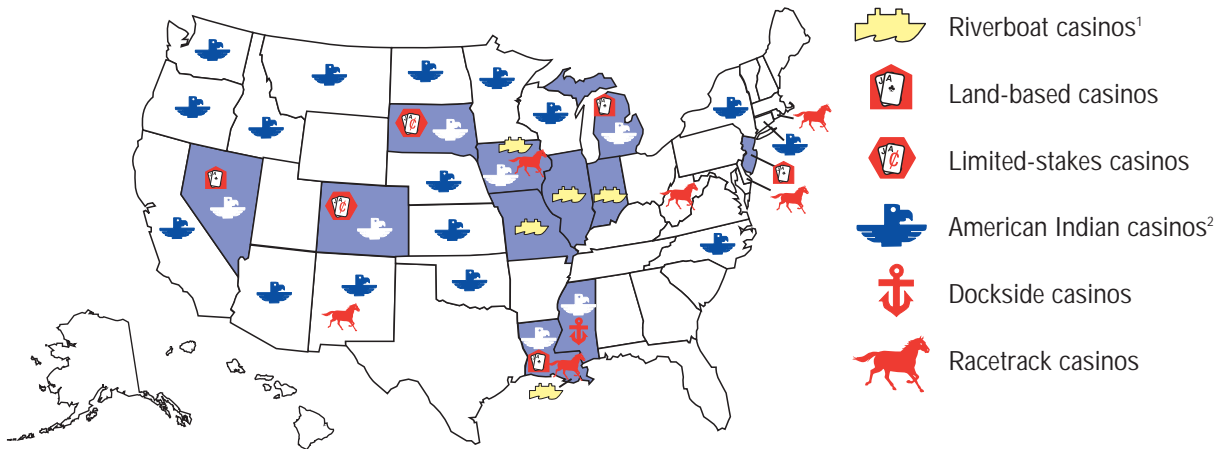
Overwhelmingly, Americans continue to see the decision to gamble as an individual right. Belief in the importance of personal choice and freedom underlie Americans' support for casino entertainment.

When it comes to taxation, Americans are not clear on the specific tax benefits provided by casinos, but they do recognize the value of the taxes paid.

In the area of responsible gaming, Americans believe the industry has an important role in addressing underage gambling, but when it comes to compulsive gambling, they believe that individuals themselves should take the most responsibility. Overall, Americans give high marks to the casino industry for its prevention efforts compared to other industries that contend with illegal or underage use of their product. In fact, most people who gamble indicate a high level of responsibility, with an overwhelming majority setting a budget — half of which fall below \$100.

# Overview OF CASINO ENTERTAINMENT

## CASINO LOCATIONS BY CATEGORY



Note: Commercial casino states are shaded in blue.

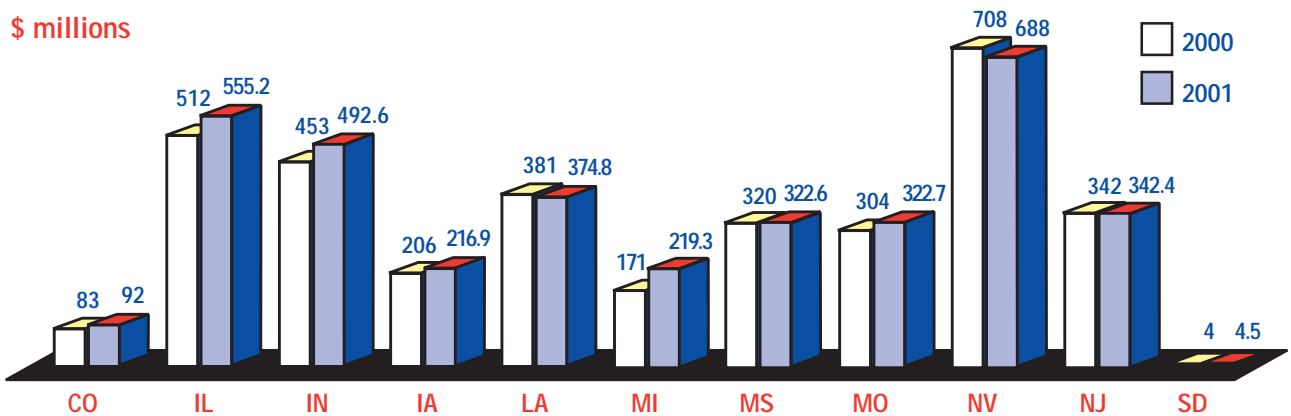
Sources: American Gaming Association, Bureau of Indian Affairs, State Gaming Commissions

<sup>1</sup> Casinos in Illinois, Louisiana and Missouri have no cruising requirements; casinos in Iowa have limited cruising requirements.

<sup>2</sup> Compacted Class III facilities.

Commercial casinos continue to operate in 11 states, while the number of states with American Indian casinos remains at 23.

## COMMERCIAL CASINO TAX REVENUES BY STATE, 2000 vs. 2001



Sources: State Gaming Regulatory Agencies, State Gaming Associations

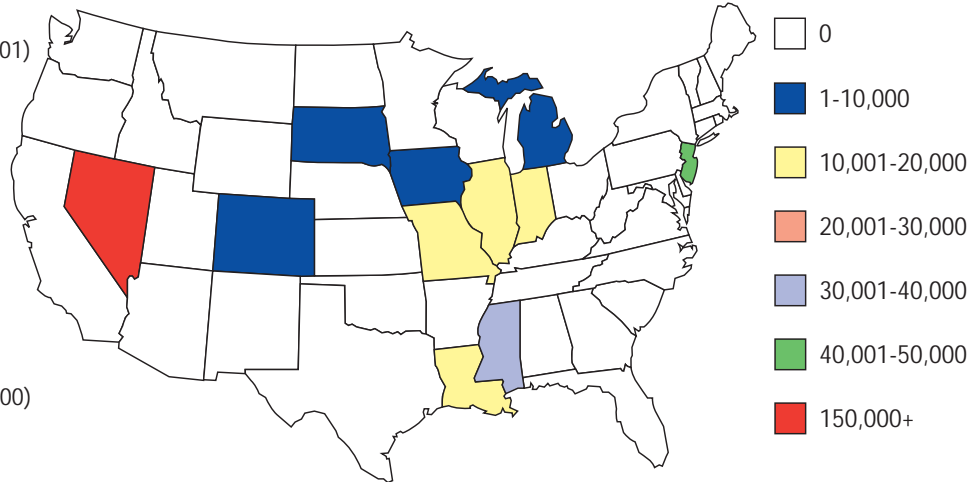
Direct gaming taxes are important components of many state budgets. Taxes paid by commercial casinos rose to \$3.6 billion in 2001, an increase of \$147 million since last year. Michigan showed the largest growth, with a 28.2 percent increase in gaming tax revenue.

# Overview of Casino Entertainment

## CASINO JOBS

### Commercial Casinos

Nevada	205,151 (FY01)
New Jersey	45,592
Mississippi	32,510
Louisiana	18,620
Indiana	16,000
Illinois	11,000
Missouri	10,516
Iowa	9,226
Michigan	7,599
Colorado	7,132
South Dakota	1,458 (2000)
<b>Total</b>	<b>364,804</b>



Sources: State Gaming Associations, State Gaming Regulatory Agencies, National Indian Gaming Association, Racetrack Operators

Approximately 365,000 people comprised the commercial casino industry work force in 2001. If you combine that figure with jobs created in American Indian and racetrack casinos, the industry directly employed more than 577,000 people nationwide.

## RACETRACK CASINOS

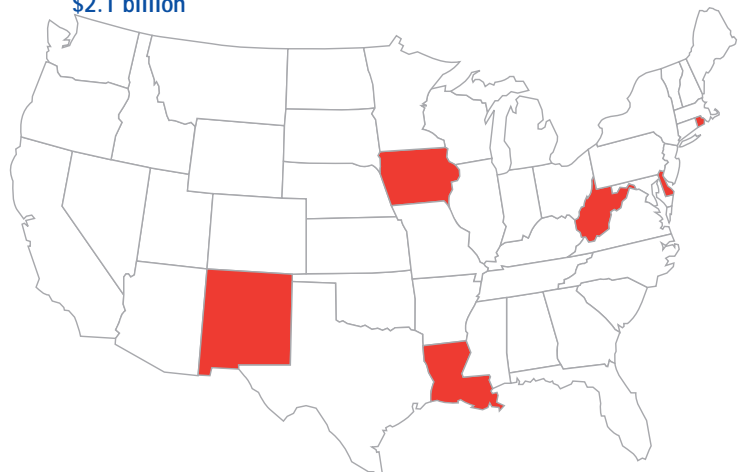
State	Jobs	Distribution to State/Local Gov'ts.	Revenue
Delaware	1,782	\$185.6 million	\$526.6 million
Iowa	2,606	\$93.9 million	\$307.4 million
Louisiana	700	n/a*	n/a*
New Mexico	350	\$21.9 million	\$87.9 million (net)
Rhode Island	745	\$109.7 million	\$771 million (gross)
West Virginia	1,745	\$166.8 million	\$433.8 million (net FY01)
<b>Total</b>	<b>7,928</b>	<b>\$577.9 million</b>	<b>\$2.1 billion</b>

\* Property did not open until February 2002.

Note: Figures for racetrack casinos in Iowa and Louisiana are incorporated into their state profiles in the "Economic Impact" section, as well as into "Casino Jobs" above.

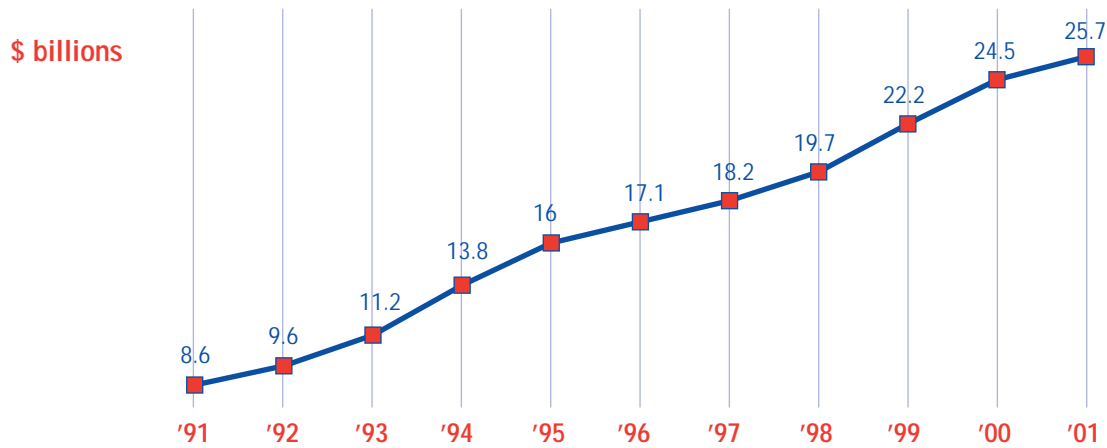
Sources: State Regulatory Agencies, Racetrack Operators

In 2001, racetrack casinos had revenue of \$2.1 billion, generating nearly \$578 million for state and local governments, and employing approximately 8,000 people.



# Overview of Casino Entertainment

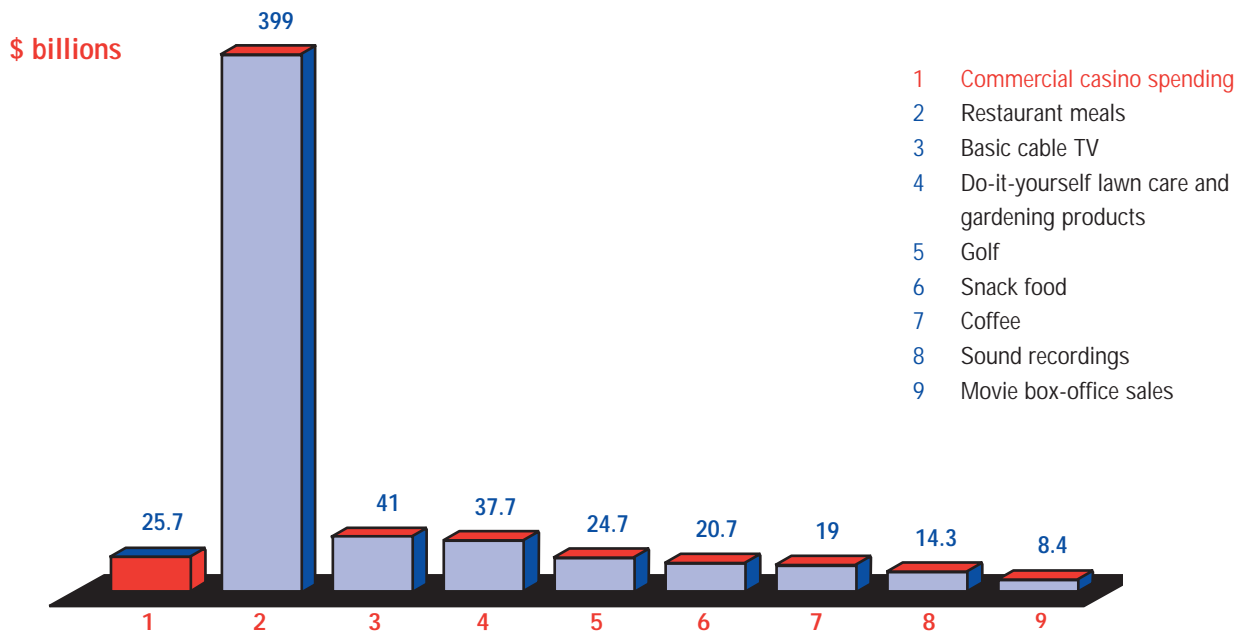
## CONSUMER SPENDING ON COMMERCIAL CASINO GAMING, 1991-2001



Sources: Christiansen Capital Advisors (1991-1999), American Gaming Association (2000-2001)

During wartime, Americans historically have continued to budget for entertainment. Last year was no different. Despite the slow economy, consumer spending on casino gaming in 2001 increased by 5 percent over 2000.

## COMMERCIAL CASINO GAMING vs. OTHER SPENDING CHOICES



Sources: American Gaming Association, National Restaurant Association, National Cable Television Association, National Gardening Association, National Golf Foundation, Snack Food Association, National Coffee Association, Recording Industry Association of America, Motion Picture Association of America

Casino spending is on par with spending on rounds of golf. It trails by a wide margin the amount spent on restaurant meals but exceeds movie box-office sales.

# Economic Impact

## STATE-BY-STATE STATISTICS

**N**ationwide in 2001, 433<sup>1</sup> commercial casinos, including land-based, land-based with limited stakes, riverboat<sup>2</sup>, dockside and racetrack casinos<sup>3</sup>, operated in 11 states. (The cities and towns marked on the state maps indicate where those casinos are located.) The work force numbered more than 364,000 people, earning wages (including benefits and tips) of \$11.5 billion.

Gross gaming revenue in these 11 states grew by 5 percent, to \$25.7 billion in 2001. State gaming tax rates ranged from 6.25 percent in Nevada to 35 percent in Illinois, generating tax revenue of \$3.6 billion in 2001, a 4.2 percent increase over the previous year. The most common beneficiaries of these funds were education and local economic development.

<sup>1</sup>This figure does not include casinos in Nevada that had annual revenue of less than \$1 million.

<sup>2</sup>There are limited cruising requirements in Iowa and no cruising requirements in Illinois, Louisiana or Missouri.

<sup>3</sup>Racetrack casinos are included in this section only for the existing commercial casino states of Iowa and Louisiana.



### COLORADO

Sources: Colorado Gaming Control Board, Casino Owners Association of Colorado

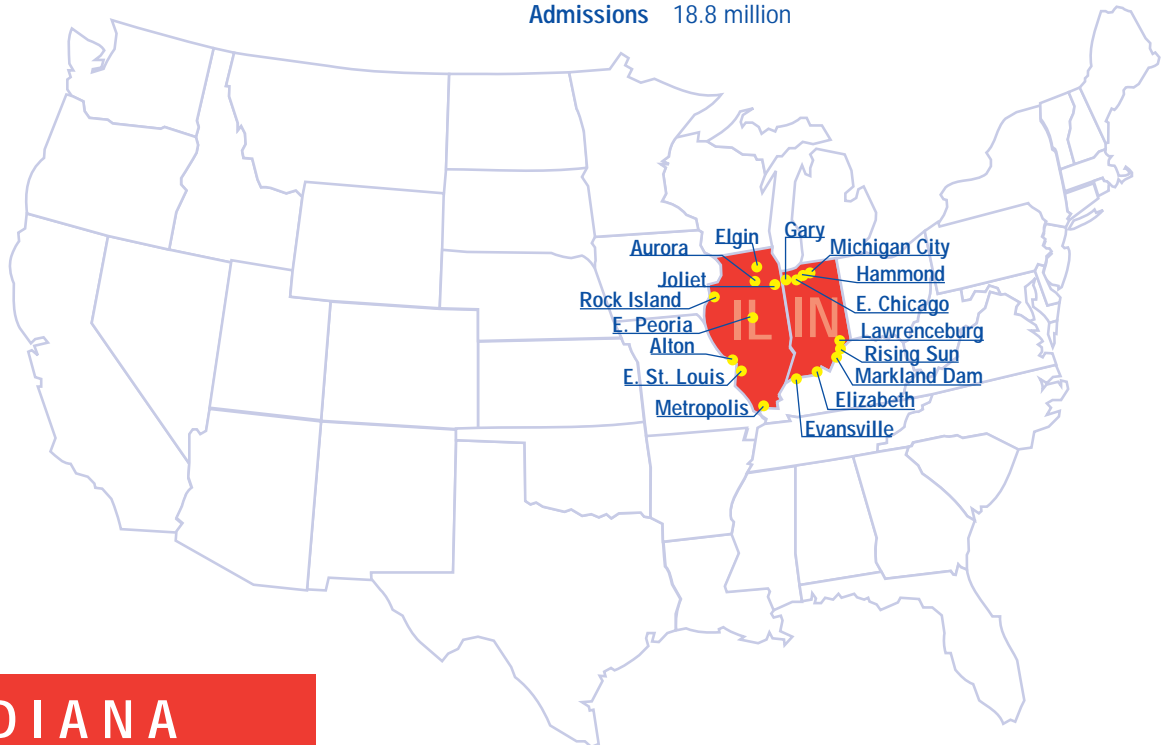
<b>Current # of Operating Casinos</b>	43
<b>Gaming Format</b>	Land-based (limited stakes; \$5 maximum bet)
<b>Casino Employees</b>	7,132
<b>Casino Employee Wages</b>	\$194.8 million
<b>Gross Casino Gaming Revenue</b>	\$631.8 million
<b>Gaming Tax Revenue</b>	\$92 million
<b>How Taxes Spent</b>	Local communities, historic preservation, general fund
<b>Legalization Date</b>	November 1990
<b>First Casino Opening Date</b>	October 1991
<b>State Gaming Tax Rate</b>	Graduated tax rate with a maximum tax of 20% on gaming revenue
<b>Mode of Legalization</b>	Statewide vote, legislative action
<b>Visitor Volume</b>	Data not available

# Economic Impact

## ILLINOIS

Sources: Illinois Gaming Board,  
Illinois Casino Gaming Association

<b>Current # of Operating Casinos</b>	9
<b>Gaming Format</b>	Riverboat (with permanently moored option)
<b>Casino Employees</b>	11,000
<b>Casino Employee Wages</b>	\$376.1 million
<b>Gross Casino Gaming Revenue</b>	\$1.8 billion
<b>Gaming Tax Revenue</b>	\$555.2 million
<b>How Taxes Spent</b>	Education assistance, local government
<b>Legalization Date</b>	February 1990
<b>First Casino Opening Date</b>	September 1991
<b>State Gaming Tax Rate</b>	Graduated tax rate from 15% to 35% of gross gaming revenue, \$2 per patron admission tax
<b>Mode of Legalization</b>	Legislative action
<b>Admissions</b>	18.8 million



## INDIANA

Sources: Indiana Gaming Commission,  
Casino Association of Indiana

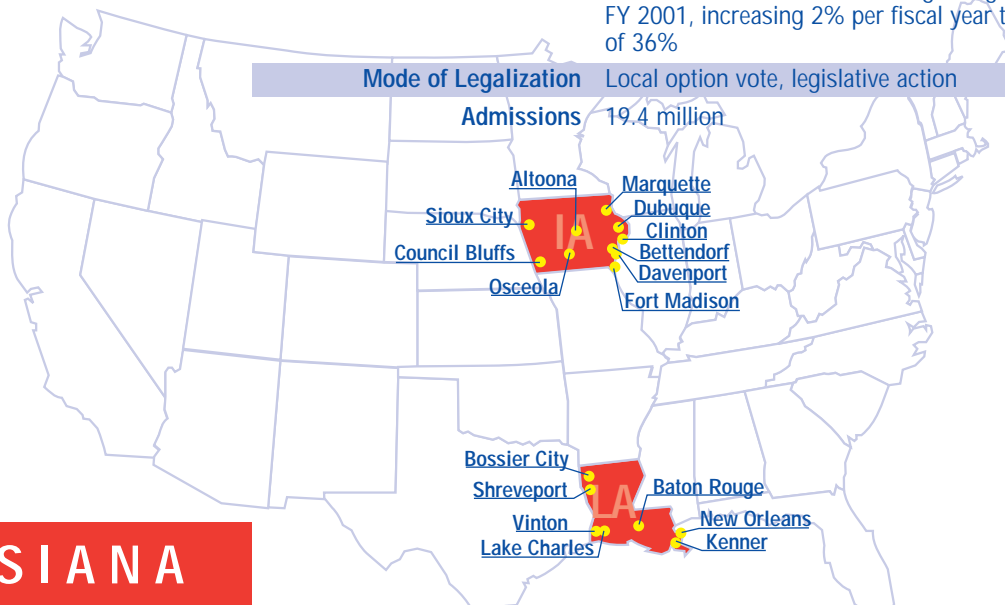
<b>Current # of Operating Casinos</b>	10
<b>Gaming Format</b>	Riverboat
<b>Casino Employees</b>	16,000
<b>Casino Employee Wages</b>	\$517.5 million
<b>Gross Casino Gaming Revenue</b>	\$1.8 billion
<b>Gaming Tax Revenue</b>	\$492.6 million
<b>How Taxes Spent</b>	Economic development, local government
<b>Legalization Date</b>	November 1993
<b>First Casino Opening Date</b>	December 1995
<b>State Gaming Tax Rate</b>	20% tax on gross gaming revenue, \$3 per patron admission tax
<b>Mode of Legalization</b>	Local option vote, legislative action
<b>Admissions</b>	19.8 million

# Economic Impact

## IOWA

Sources: Iowa Racing and Gaming Commission, Iowa Gaming Association

<b>Current # of Operating Casinos</b>	13
<b>Gaming Format</b>	Riverboat, racetrack casino
<b>Casino Employees</b>	9,226
<b>Casino Employee Wages</b>	\$255.9 million
<b>Gross Casino Gaming Revenue</b>	\$922.9 million
<b>Gaming Tax Revenue</b>	\$216.9 million
<b>How Taxes Spent</b>	Infrastructure improvements, local government, general fund, schools and universities, the environment
<b>Legalization Date</b>	July 1989
<b>First Casino Opening Date</b>	September 1991
<b>State Gaming Tax Rate</b>	Riverboats: Graduated tax rate with a maximum tax of 20% on gaming revenue Racetrack casinos: 30% tax on gross gaming revenue in FY 2001, increasing 2% per fiscal year to a maximum of 36%



<b>Mode of Legalization</b>	Local option vote, legislative action
<b>Admissions</b>	19.4 million

## LOUISIANA

Sources: Louisiana Gaming Control Board, Casino Association of Louisiana

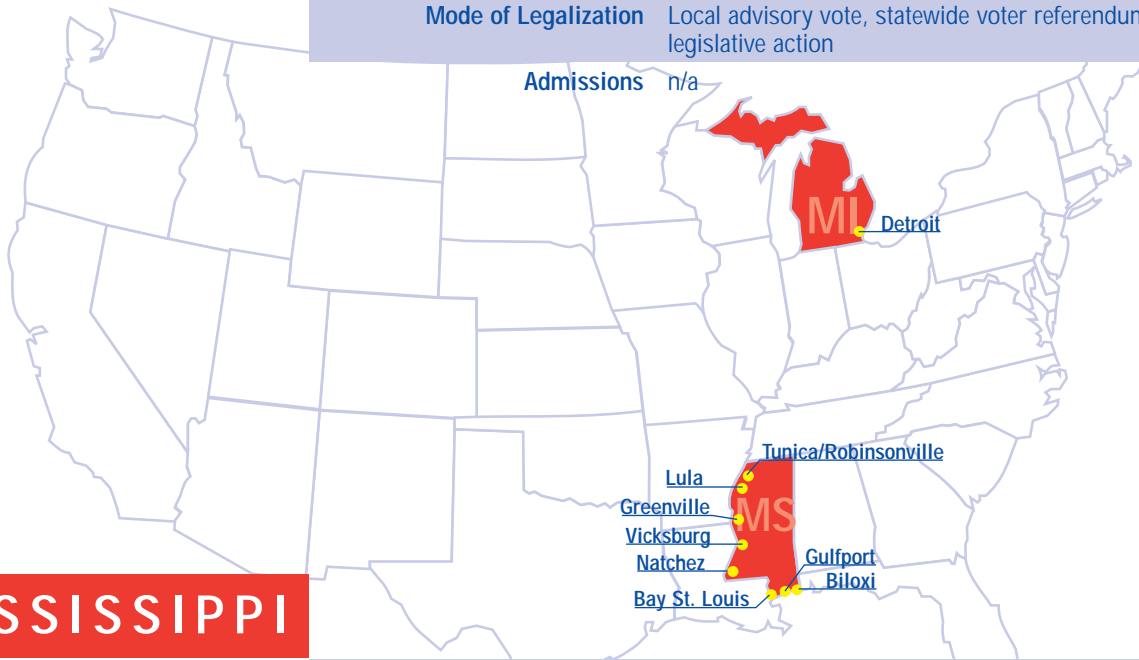
<b>Current # of Operating Casinos</b>	16 (14 riverboat, 1 land-based, 1 racetrack casino)
<b>Gaming Format</b>	Riverboat, land-based, racetrack casino
<b>Casino Employees</b>	18,620
<b>Casino Employee Wages</b>	\$534.8 million
<b>Gross Casino Gaming Revenue</b>	\$1.8 billion
<b>Gaming Tax Revenue</b>	\$374.8 million
<b>How Taxes Spent</b>	General fund, city of New Orleans, public retirement systems, State Capitol improvements, rainy day fund
<b>Legalization Date</b>	July 1991
<b>First Casino Opening Date</b>	October 1993
<b>State Gaming Tax Rate</b>	Riverboat casinos: 21.5%* Land-based casino: \$50 million annual tax, increasing to \$60 million in 2002, or 21.5% of gross gaming revenue, whichever is greater *Shreveport/Bossier City riverboat casinos: 19.5%, increasing to 20.5% in 2002 and 21.5% in 2003 *Bally's New Orleans riverboat casino: 18.5% to 21.5%, depending on monthly revenues
<b>Mode of Legalization</b>	Local option vote, legislative action
<b>Admissions</b>	45.9 million

# Economic Impact

## MICHIGAN

Sources: Michigan Gaming Control Board, MGM Grand Detroit, Motor City Casino, Greektown Casino, Michigan Gaming Association

<b>Current # of Operating Casinos</b>	3
<b>Gaming Format</b>	Land-based
<b>Casino Employees</b>	7,599
<b>Casino Employee Wages</b>	\$309.2 million
<b>Gross Casino Gaming Revenue</b>	\$1 billion
<b>Gaming Tax Revenue</b>	\$219.3 million
<b>How Taxes Spent</b>	Public safety, capital improvements, youth programs, tax relief, neighborhood development and improvement, infrastructure repair and improvement, K-12 school aid fund
<b>Legalization Date</b>	November 1996
<b>First Casino Opening Date</b>	July 1999
<b>State Gaming Tax Rate</b>	18% tax on gross gaming revenue, plus a municipal services fee of the greater of 1.25% of gaming revenue or \$4 million annually
<b>Mode of Legalization</b>	Local advisory vote, statewide voter referendum, legislative action



## MISSISSIPPI

Sources: Mississippi Gaming Commission, Mississippi Gaming Association

<b>Current # of Operating Casinos</b>	30
<b>Gaming Format</b>	Dockside
<b>Casino Employees</b>	32,510
<b>Casino Employee Wages</b>	\$1 billion
<b>Gross Casino Gaming Revenue</b>	\$2.7 billion
<b>Gaming Tax Revenue</b>	\$322.6 million
<b>How Taxes Spent</b>	Housing, education, transportation, health care services, youth counseling programs
<b>Legalization Date</b>	1990
<b>First Casino Opening Date</b>	August 1992
<b>State Gaming Tax Rate</b>	Graduated tax rate with a maximum state tax of 8% on gaming revenue; up to 4% additional tax on gaming revenues may be imposed by local governments
<b>Mode of Legalization</b>	Legislative action, local option votes
<b>Admissions</b>	56.8 million

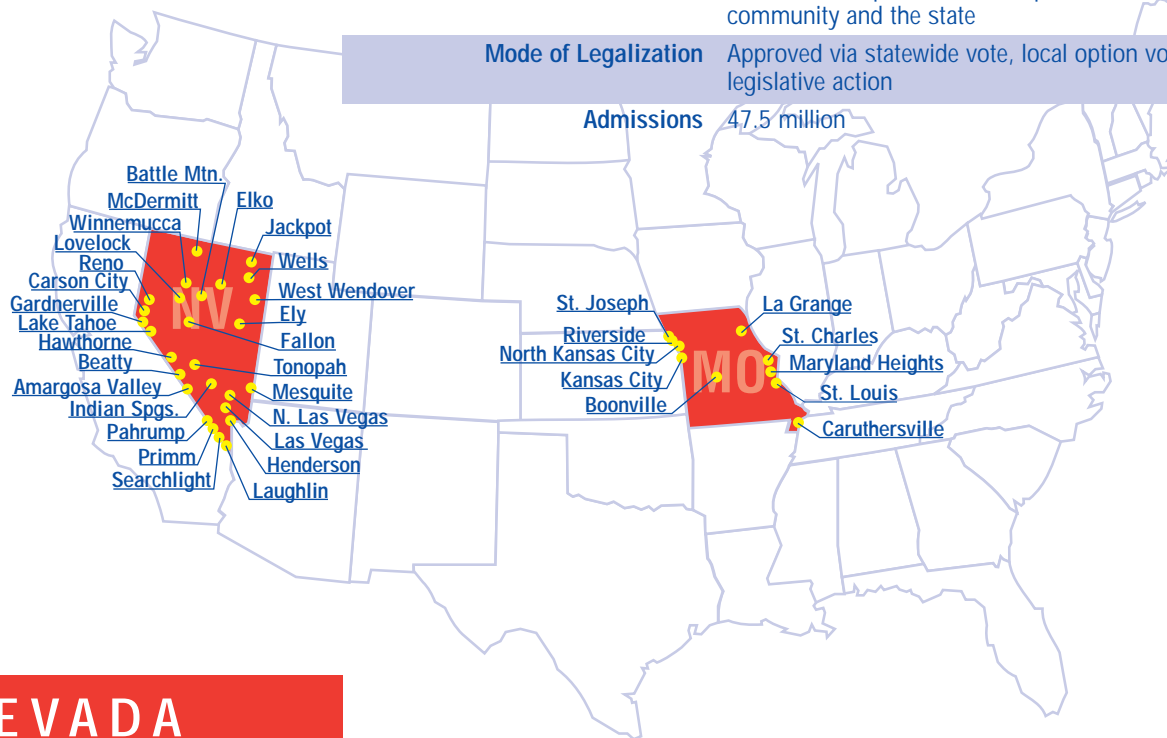
# Economic Impact

## MISSOURI

Sources: Missouri Gaming Commission, Missouri Riverboat Gaming Association

Current # of Operating Casinos	11
Gaming Format	Riverboat (continuous boarding; \$500 loss limit per 2-hour simulated cruise)
Casino Employees	10,516
Casino Employee Wages	\$269 million
Gross Casino Gaming Revenue	\$1.1 billion
Gaming Tax Revenue	\$322.7 million
How Taxes Spent	Education, local public safety programs, compulsive gambling treatment, veterans programs, early childhood programs
Legalization Date	August 1993
First Casino Opening Date	May 1994
State Gaming Tax Rate	20% tax on gross gaming revenue, \$2 per patron admission fee per excursion, split between home dock community and the state
Mode of Legalization	Approved via statewide vote, local option vote and legislative action

Admissions 47.5 million



## NEVADA

Sources: Nevada Gaming Control Board, Nevada Commission on Tourism

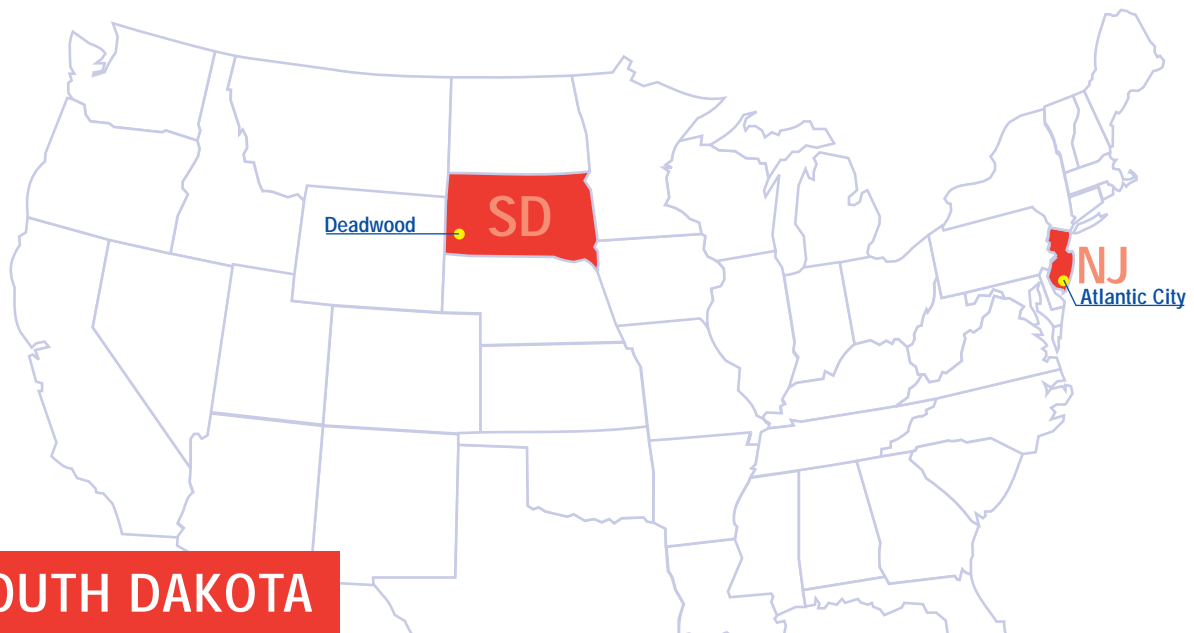
Current # of Operating Casinos	247
Gaming Format	Land-based
Casino Employees	205,151 (FY01)
Casino Employee Wages	\$6.8 billion
Gross Casino Gaming Revenue	\$9.5 billion
Gaming Tax Revenue	\$688 million
How Taxes Spent	Education, local governments, general fund
Legalization Date	1931
State Gaming Tax Rate	Graduated tax rate with a maximum tax of 6.25% on gross gaming revenue
Mode of Legalization	Legislative action
Visitor Volume	49.6 million

# Economic Impact

## NEW JERSEY

Sources: New Jersey Casino Control Commission, South Jersey Transportation Authority

<b>Current # of Operating Casinos</b>	12 (1 under construction; opening 2003)
<b>Gaming Format</b>	Land-based
<b>Casino Employees</b>	45,592
<b>Casino Employee Wages</b>	\$1.2 billion
<b>Gross Casino Gaming Revenue</b>	\$4.3 billion
<b>Gaming Tax Revenue</b>	\$342.4 million
<b>How Taxes Spent</b>	Senior citizens, disabled, economic revitalization programs
<b>Legalization Date</b>	1976
<b>First Casino Opening Date</b>	1978
<b>State Gaming Tax Rate</b>	8% tax on gross gaming revenue, plus a community investment alternative obligation of 1.25% of gross gaming revenue (or an investment alternative 2.5% on gross gaming revenue)
<b>Mode of Legalization</b>	Statewide vote, legislative action
<b>Visitor Volume</b>	32.4 million



## SOUTH DAKOTA

Source: South Dakota Gaming Commission

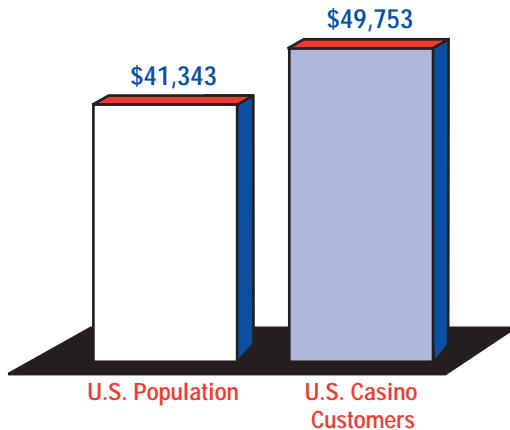
<b>Current # of Operating Casinos</b>	40
<b>Gaming Format</b>	Land-based (limited-stakes; \$100 maximum bet)
<b>Casino Employees</b>	1,458 (2000)
<b>Casino Employee Wages</b>	\$23.5 million (2000)
<b>Gross Casino Gaming Revenue</b>	\$58.6 million
<b>Gaming Tax Revenue</b>	\$4.5 million
<b>How Taxes Spent</b>	40% Dept. of Tourism, 10% Lawrence County, 50% commission fund
<b>Legalization Date</b>	1989
<b>First Casino Opening Date</b>	November 1989
<b>State Gaming Tax Rate</b>	8% tax on gross gaming revenue
<b>Mode of Legalization</b>	Statewide vote, local option vote, legislative action
<b>Visitor Volume</b>	n/a

# Casino Customers

## WHO ARE THEY?

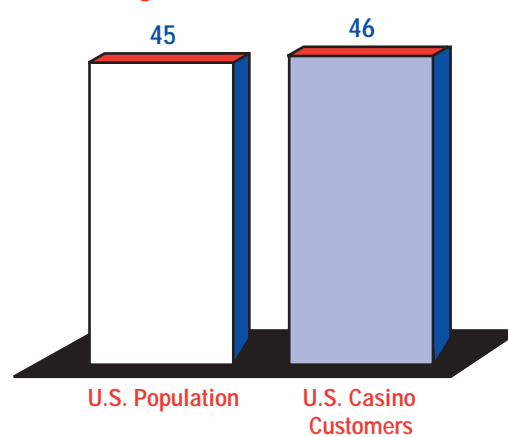
### U.S. CASINO PLAYERS vs. U.S. POPULATION

#### Median Household Income



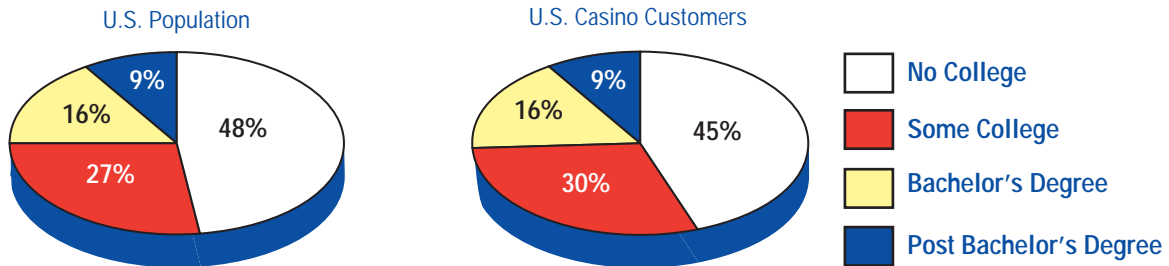
The income of casino customers is significantly higher than the average American.

#### Median Age (Adults 21 and older)



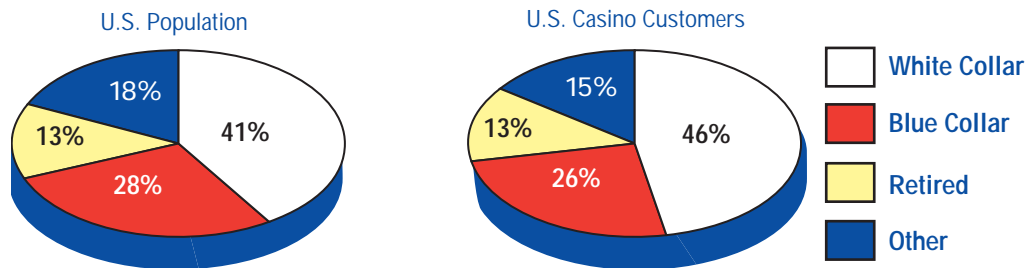
The age of casino customers reflects the overall U.S. population.

#### Education



Casino customers are slightly more likely to have attended college than the average American and less likely to have never attended college.

#### Employment



Casino customers are more likely to hold a white-collar job than the average American.

Note: The 2001 U.S. Gaming Panel data has been weighted to 2000 U.S. Census Bureau data.

Source: Harrah's Entertainment, Inc./NFO WorldGroup, Inc.



# Casino Customers: A REFLECTION OF AMERICA

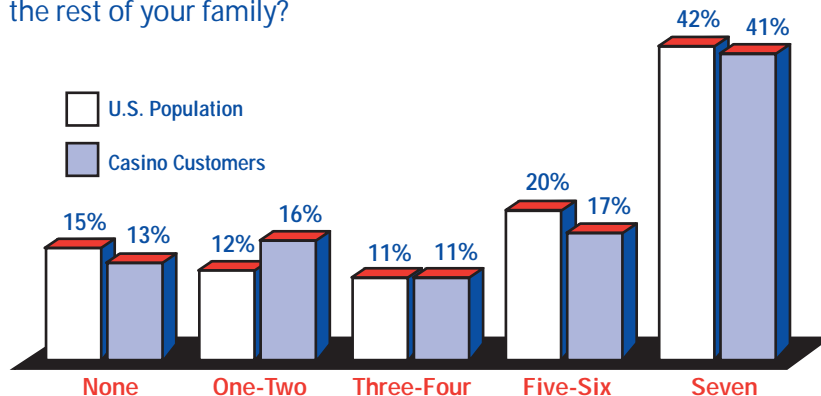
Casino customers are everyday Americans. Like the average citizen of this country, the majority of individuals who choose to gamble file their taxes on time, donate money to charities, like to exercise and eat dinner at home with their families, according to the annual poll conducted for the AGA by Peter D. Hart Research Associates, Inc., and The Luntz Research Companies. The poll also found that casino customers not only reflect the average American, but, in some cases, are more likely to be involved in civic or patriotic activities — contradicting the negative stereotypes gaming opponents perpetuate about people who gamble. A higher percentage of casino customers than average Americans, for example, voted in the last election, fly the American flag outside their homes or cars and read the newspaper on a daily basis.

A separate national survey conducted by Harrah's Entertainment, Inc./NFO WorldGroup, Inc. (see page 13), further contradicts gambling opponents' claims by showing casino customers to be high achievers. Casino customers, for example, are more likely to have higher incomes, have earned college degrees and hold white-collar jobs than the average American.

But, in general, the fact remains: Casino customers are a reflection of America. They are "Just like US."

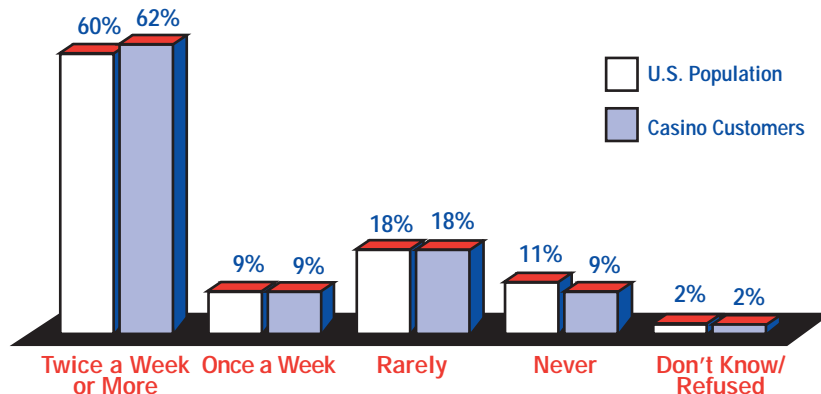
## LIFESTYLE CHOICES: CASINO CUSTOMERS vs. U.S. POPULATION

During a typical week, how many nights do you eat dinner with the rest of your family?



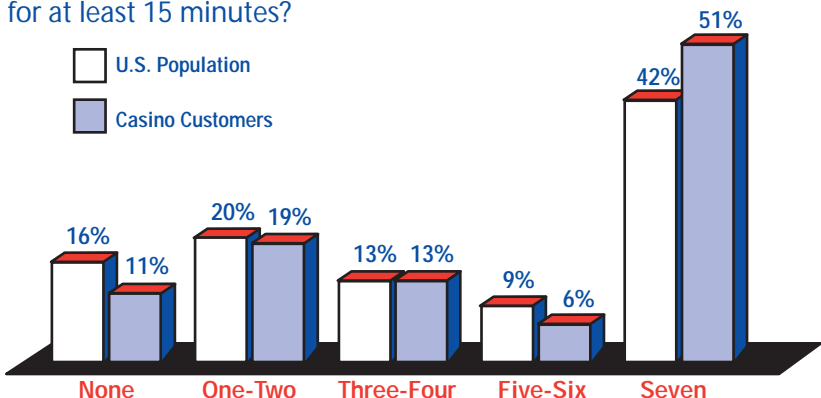
Source: Hart/Luntz

How often do you exercise?



Source: Hart/Luntz

How many times a week do you read a newspaper for at least 15 minutes?

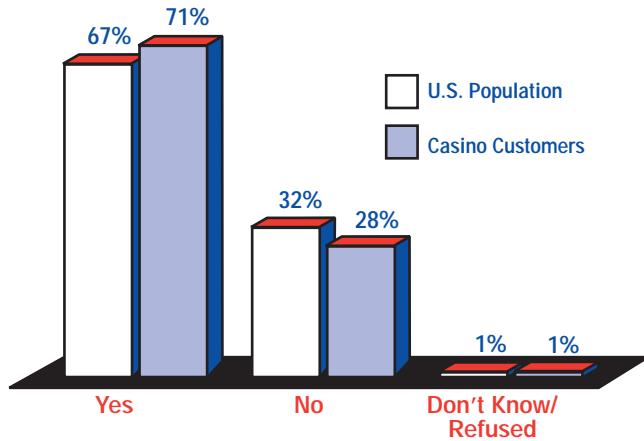


Source: Hart/Luntz

# Casino Customers: A Reflection of America

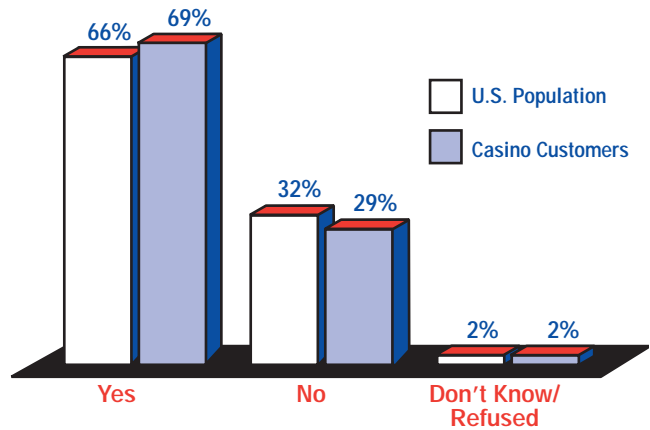


Do you currently fly an American flag outside your home or on your car?



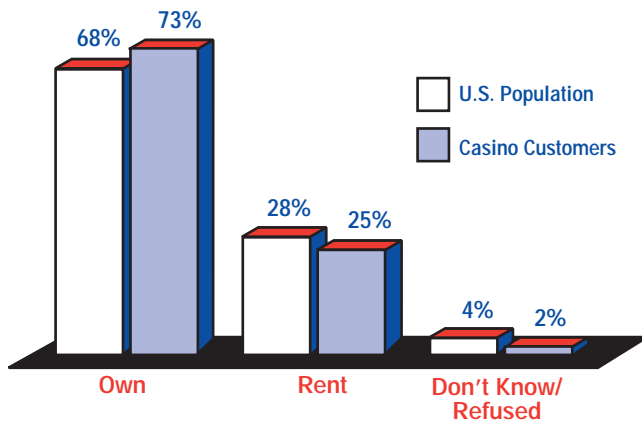
Source: Hart/Luntz

Did you donate a hundred dollars or more to a charitable fund or organization in the last year?



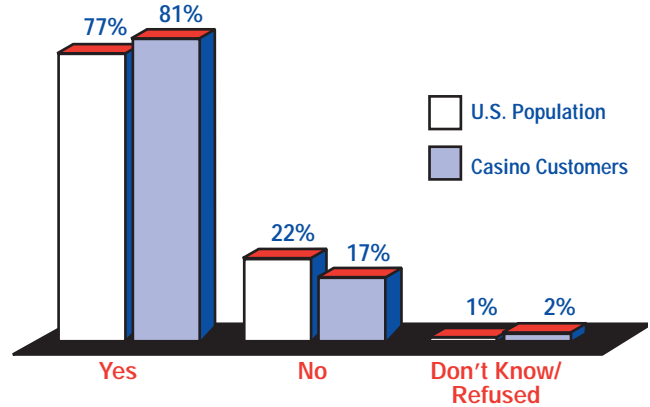
Source: Hart/Luntz

Do you own or rent your place of residence?



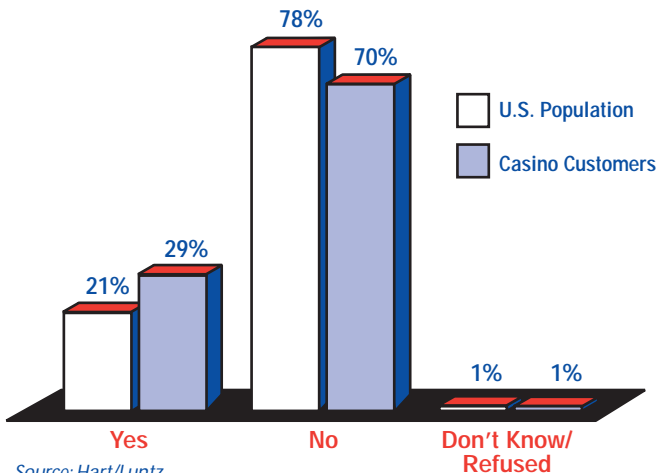
Source: Hart/Luntz

Did you vote in the last election?



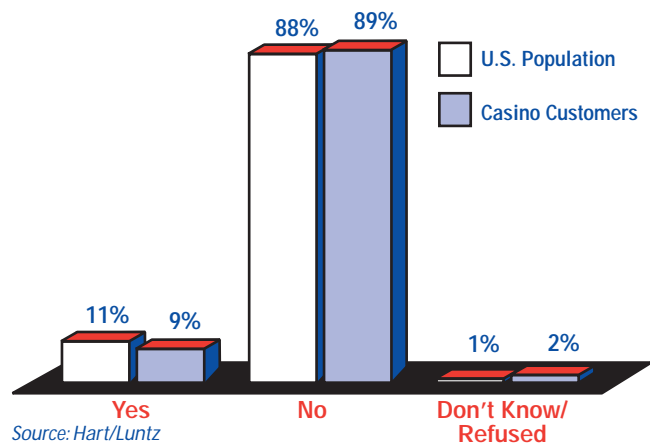
Source: Hart/Luntz

In a typical year, do you go to at least one major league baseball game?



Source: Hart/Luntz

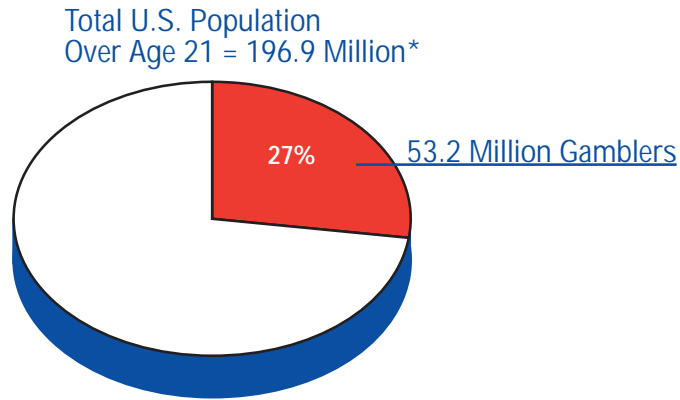
Have you ever missed a deadline for filing your income tax return?



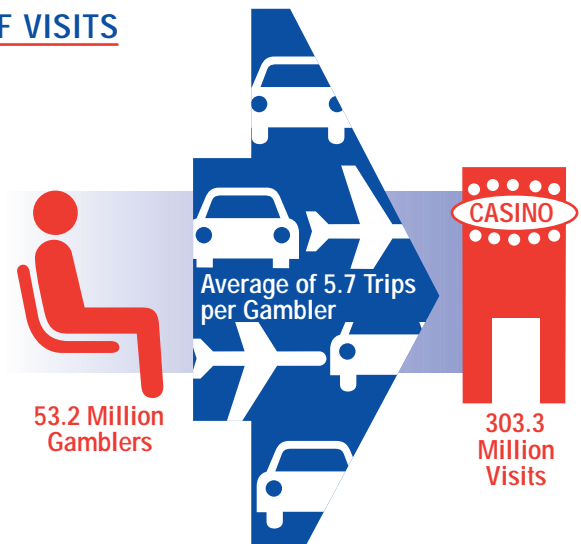
Source: Hart/Luntz

# Casino Visitation

## TOTAL NUMBER OF VISITS



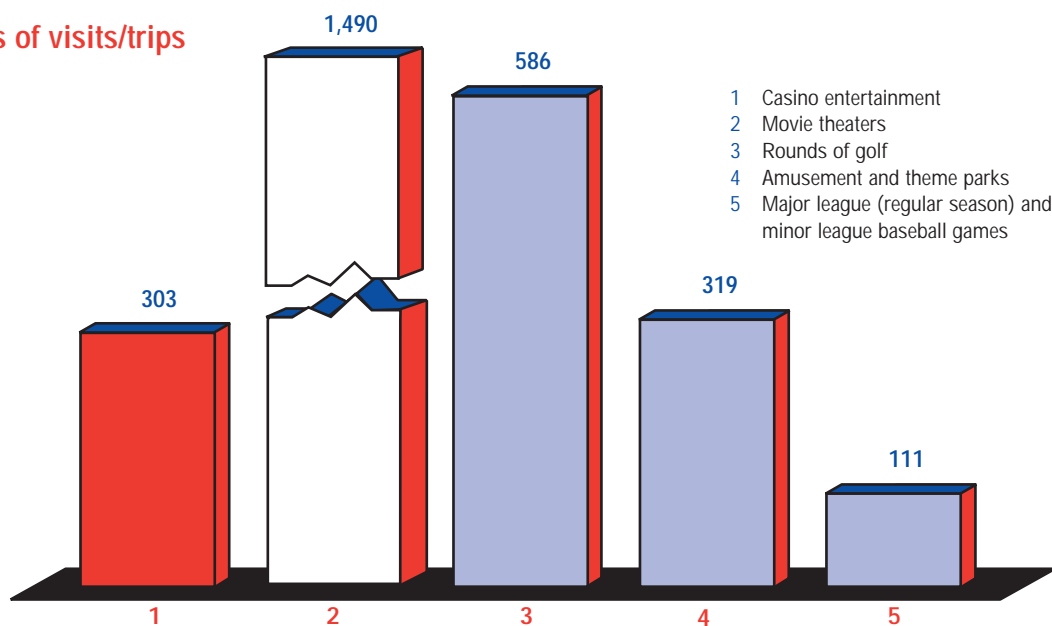
Source: Harrah's Entertainment, Inc./NFO WorldGroup, Inc.  
 \*2000 U.S. Census Bureau



More than 53 million Americans — or roughly 27 percent of the U.S. population over age 21 — visited casinos in 2001. On average, they visited a casino about once every two months.

## CASINOS vs. OTHER FORMS OF ENTERTAINMENT

Millions of visits/trips

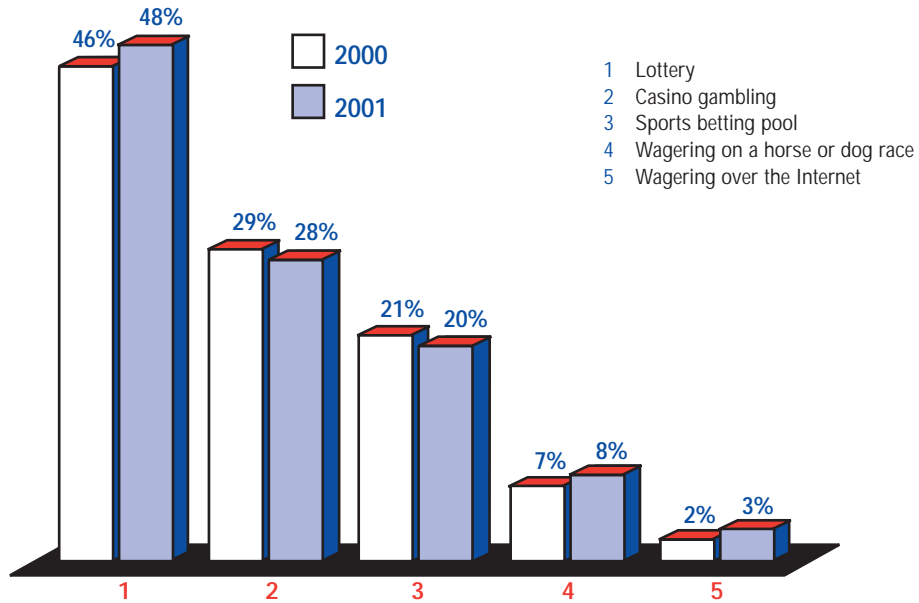


Sources: 1-Harrah's Entertainment, Inc./NFO WorldGroup, Inc.; 2-National Association of Theatre Owners; 3-National Golf Foundation (2000); 4-International Association of Amusement Parks and Attractions; 5-Major League Baseball, National Association of Professional Baseball Leagues

Americans made about 303 million trips to casinos in 2001, approximately the same number of trips they made to amusement and theme parks.

# Casino Visitation

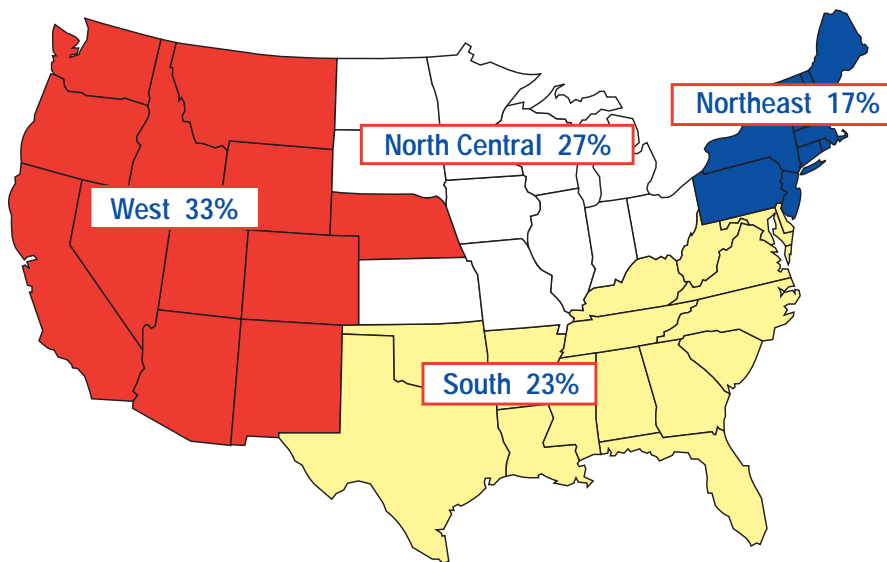
## FORMS OF GAMBLING PARTICIPATED IN DURING THE LAST 12 MONTHS, 2000 vs. 2001



Source: Hart/Luntz

Americans' participation in gambling activities continues at levels virtually identical to previous years.

## SHARE OF INDIVIDUAL VISITS TO CASINOS BY REGION



Source: Harrah's Entertainment, Inc./NFO WorldGroup, Inc.

The West continued to account for the largest number of casino visits in the United States. The proportions of visits from the different regions remained largely constant from 2000 to 2001.

# Perceptions

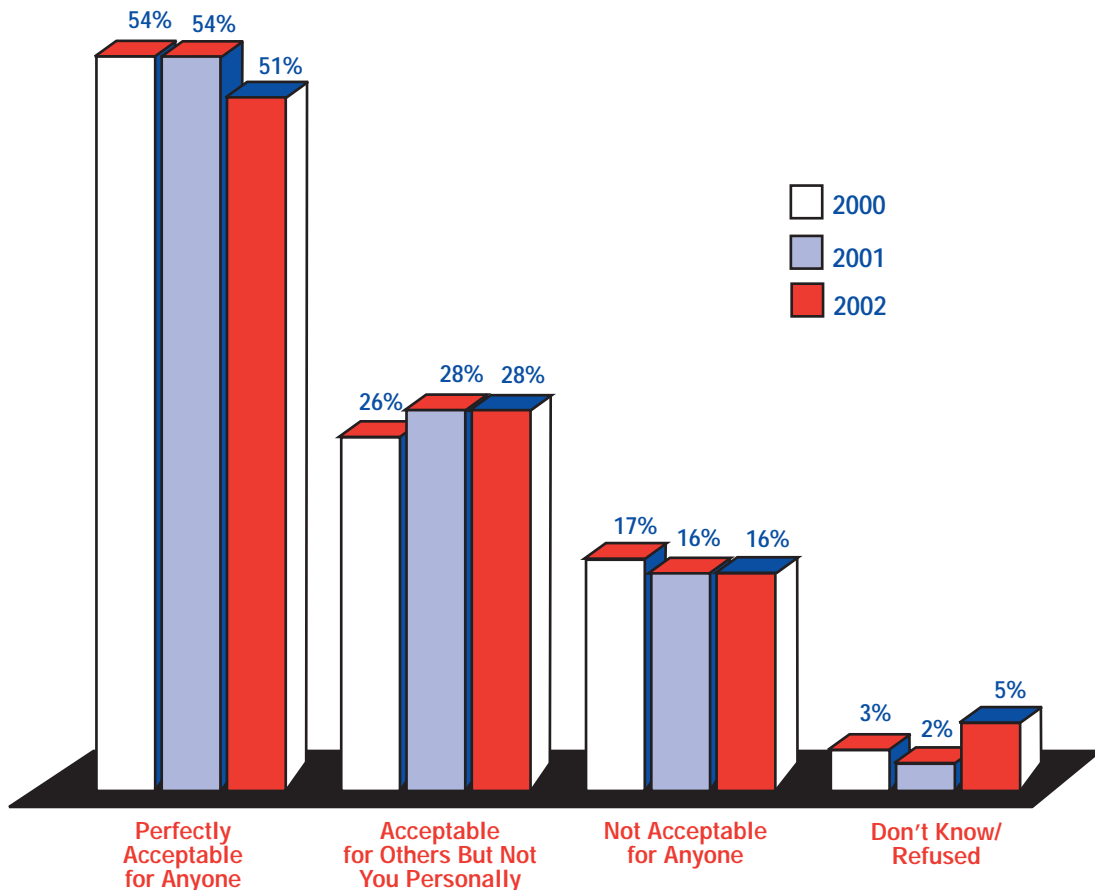
## AMERICAN PERCEPTIONS OF CASINO ENTERTAINMENT

Americans' perceptions of casino entertainment have not changed during the past few years, according to the AGA's latest poll by Peter D. Hart Research Associates, Inc., and The Luntz Research Companies. The consistency is seen in all areas, including overall acceptability, casino benefits, individual rights, taxation issues and responsible gaming.

Americans overwhelmingly view casino gambling as an acceptable activity and recognize its benefits. They believe owners of gambling establishments have a central role to play in addressing underage gambling; when it comes to adults, however, personal responsibility becomes much more important. The industry and players themselves get high marks for responsible gaming.

### U.S. CASINO GAMBLING ACCEPTABILITY, 2000-2002

What are your own personal views of casino gambling?

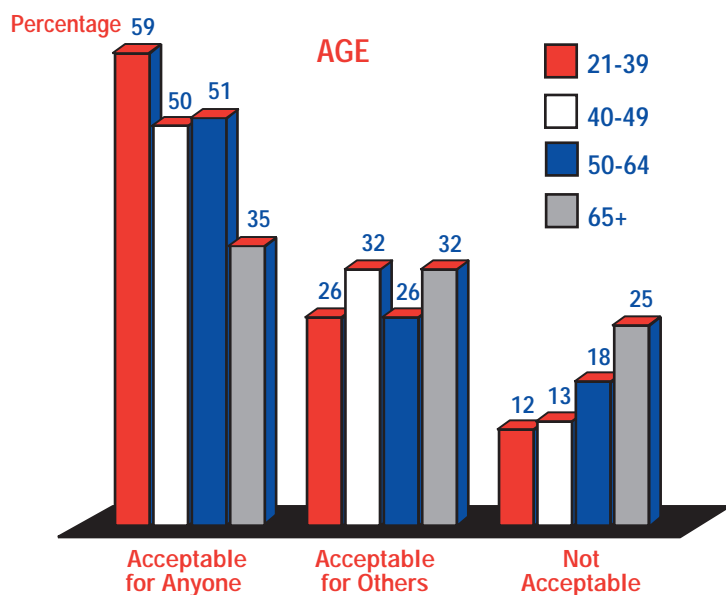


Source: Hart/Luntz

Seventy-nine percent of all Americans believe that casino entertainment is acceptable for themselves or others. This does not represent a statistically significant change from previous years.

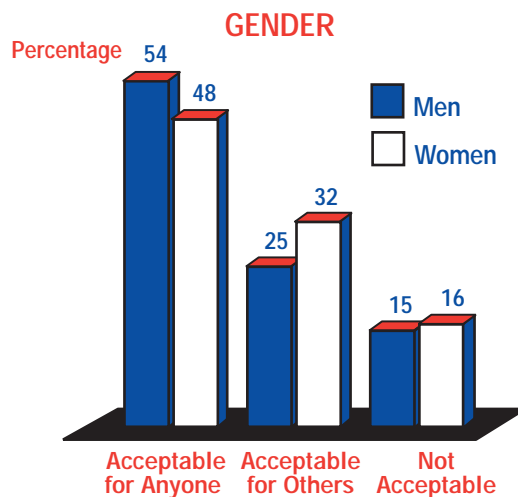
# Perceptions

## U.S. CASINO GAMBLING ACCEPTABILITY BY SUBGROUPS



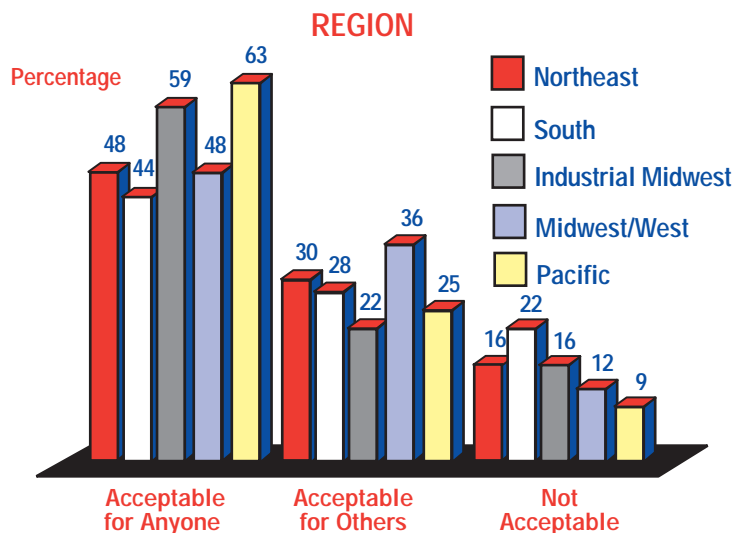
Source: Hart/Luntz

When it comes to age, gambling acceptability is highest among those in their twenties and thirties, and it decreases with age.



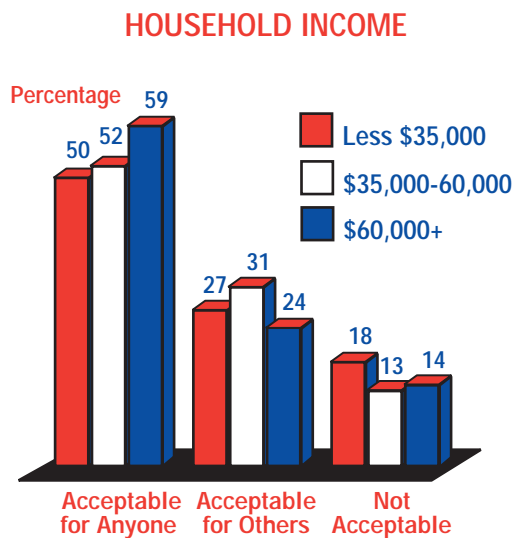
Source: Hart/Luntz

Men and women are evenly matched when measuring the acceptability of casino gaming overall. Where they differ is in whether they view it as an acceptable activity for themselves or for others.



Source: Hart/Luntz

Casino acceptability is highest in the Pacific region (Alaska, California, Hawaii, Oregon and Washington); a lower percentage of people in this region believe gambling is unacceptable for anyone than those living elsewhere in the nation. By contrast, the South (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia) has the highest percentage of people who believe casino gambling is unacceptable for anyone and the lowest proportion of people who believe casino gambling is acceptable.



Source: Hart/Luntz

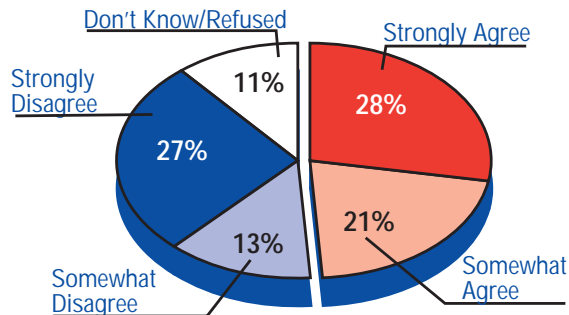
The higher the income, the greater the acceptability of casino gambling.

# Perceptions

## CASINO BENEFITS

Americans recognize the economic benefits and entertainment value of casinos and don't believe gambling opponents' claims that the introduction of casinos to a community harms existing businesses.

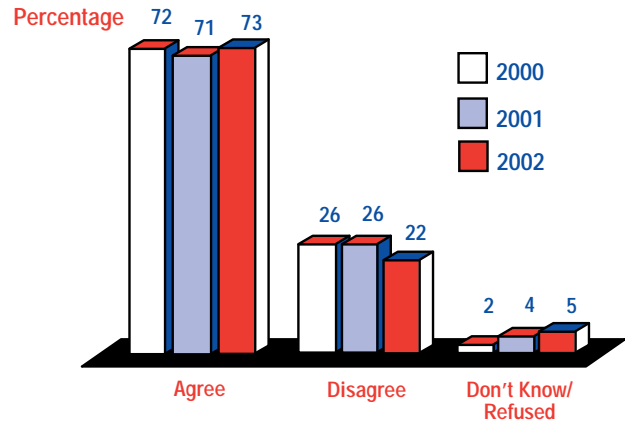
"I would favor the introduction of casino gaming in my local community because of its benefits to the local economy."



Source: Hart/Luntz

By a 49-40 margin, Americans favor the introduction of casinos into their communities in order to bolster the local economy.

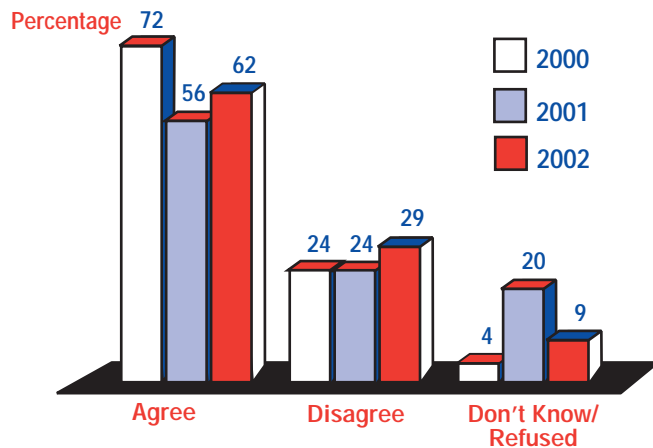
"A casino can be an important part of a community's entertainment and tourism options."



Source: Hart/Luntz

For a third consecutive year, nearly three-quarters of Americans agree that casinos can provide entertainment and boost tourism in a community.

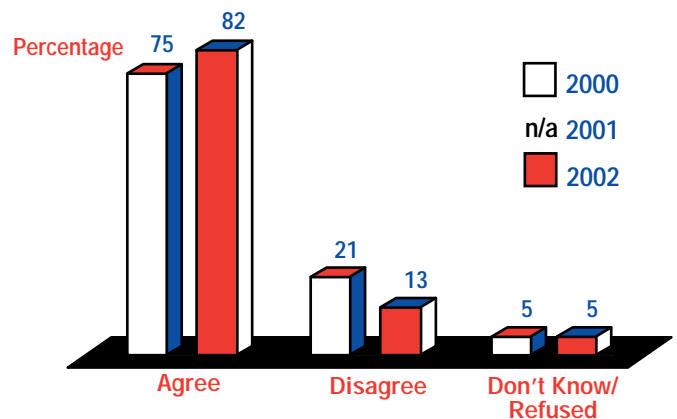
"Casinos bring widespread economic benefits to other industries and businesses within the region."



Source: Hart/Luntz

In large numbers, Americans continue to recognize the regional economic benefits of casinos.

"Casino gambling can be a fun night out."



Source: Hart/Luntz

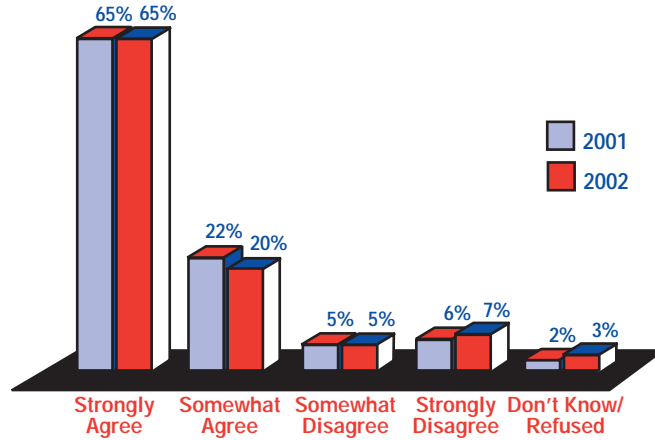
The entertainment value of casinos is not lost on Americans. The vast majority — at least three-quarters of all Americans — view casino gambling as a fun way to spend an evening.

# Perceptions

## INDIVIDUAL RIGHTS

Americans consistently have supported individual rights when it comes to casino gambling. They believe they should have the right to decide how to spend their disposable income without interference from others.

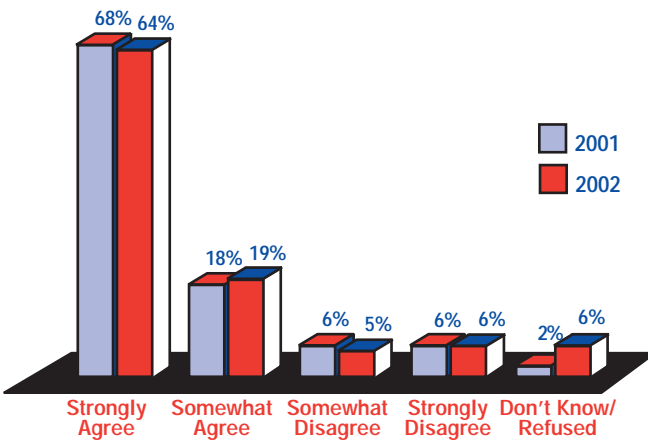
“People should be able to go into a casino, have their own budget, and spend their disposable income the way they want.”



By a wide margin, Americans continue to believe that people should have the right to gamble in a casino, set their own budget and spend their disposable income in a way they see fit.

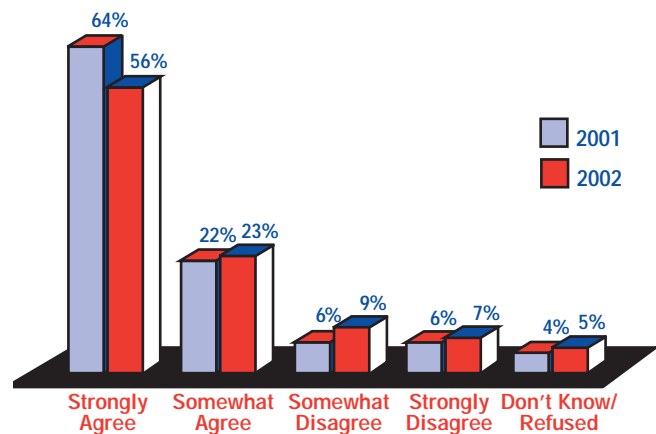
Source: Hart/Luntz

“Gambling is a question of personal choice. The government should not be telling American adults what they should or should not be doing with their own money.”



Source: Hart/Luntz

“Gambling is a question of personal freedom. The government should not be telling American adults what they should or should not be doing with their own money.”



Source: Hart/Luntz

Convictions about the importance of personal choice and freedom underlie Americans' support for casino entertainment.

## SPOTLIGHT ON TAXES

- ★ Mississippi's gaming revenue taxes in 2001 were greater than the corporate taxes paid by all other corporations in the state combined.

Source: Mississippi Gaming Association

- ★ Mississippi casinos paid \$461.3 million in direct taxes in 2001, including:
  - \$322.6 million in direct fees and taxes
  - \$41.9 million in gaming-generated sales taxes
  - \$9.2 million in gaming tidelands leases and levee fees
  - \$648,706 in gaming-generated ABC taxes
  - \$22.03 million in gaming-generated personal income tax
  - \$4.8 million in gaming-generated state and local room taxes
  - \$60 million in gaming-generated local property taxes

Source: University of Southern Mississippi-Gulf Coast

- ★ The amount of state and local tax revenues generated by Illinois riverboat casinos in 2001 exceeded the dollars raised from every other state revenue source except personal and corporate income taxes, sales taxes and public utility taxes.

Source: Illinois Economic & Fiscal Commission

- ★ While Indiana's wagering tax is statutorily fixed at 20 percent, admission taxes and local development agreements push the effective tax rate up to 31.7 percent. This still doesn't take into account other taxes paid, such as sales, employment and real estate/personal property taxes.

Source: Indiana Gaming Commission

- ★ Since the first casino opened in Indiana in December 1995, riverboats there have paid the state more than \$497.7 million in admission taxes and more than \$1.5 billion in wagering taxes.

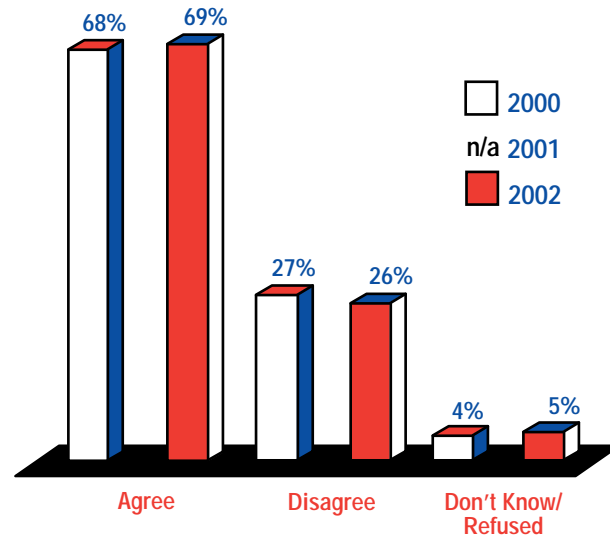
Source: Indiana Gaming Commission

- ★ Gaming taxes, fees and licenses paid in FY 2001 to Nevada's general fund (\$673.4 million) represented nearly 39 percent of the total annual collections and were the single-largest source of revenue for the general fund — even larger than sales and use taxes.

Source: State of Nevada Budget Office

## TAXATION

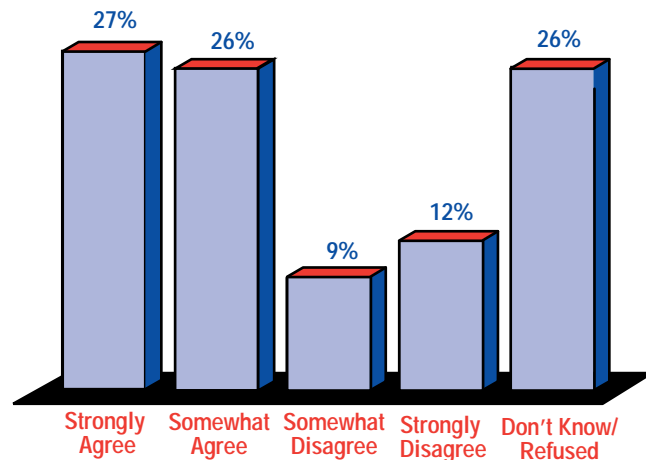
"Within reasonable limits, legalized casino gambling is a good way for cities and states to generate revenue without having to raise everybody's taxes."



Source: Hart/Luntz

Americans would rather raise revenue through legalized gambling than through a general tax increase.

"Tax revenues from casinos have given local communities more money to pay for roads, schools, hospitals and other projects."



Source: Hart/Luntz

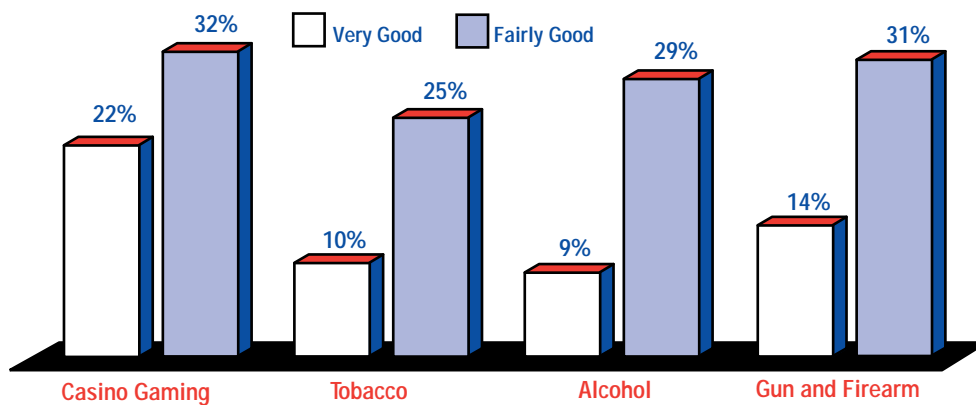
While more than half of all Americans (53 percent) recognize that casino tax revenue has paid for important community projects, a large number of "don't know/refused" answers indicate that Americans are not aware of the specific benefits of the \$3 billion-plus collected annually by state and local governments.

# Perceptions

## RESPONSIBLE GAMING

While Americans believe the industry has an important role in addressing underage gambling, they are more likely to demand personal accountability from adults to address compulsive gambling. Most adults do gamble responsibly, with the overwhelming majority indicating that they set a budget when they gamble. Overall, Americans give high marks to the casino industry for its prevention efforts compared to other industries that contend with illegal or underage use of their product.

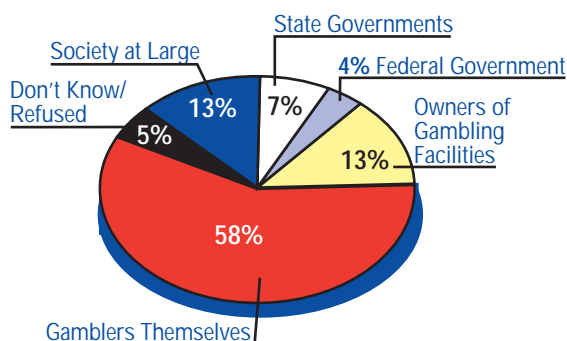
“How good of a job would you say the following industries have done in terms of eliminating either illegal or underage use of their product?”



More than half of all Americans believe the casino gaming industry has done a good job eliminating underage or illegal use of its product, comparing favorably to other industries.

Source: Hart/Luntz

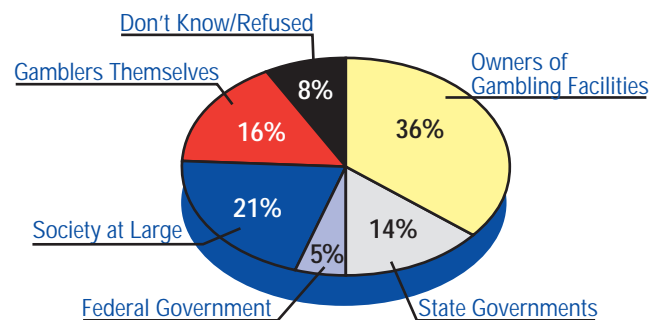
“Who should take the most responsibility for addressing the problem of compulsive gambling in the United States today?”



Source: Hart/Luntz

A majority of the American public believes that gamblers themselves need to take the most responsibility to address compulsive gambling.

“Who should take the most responsibility for addressing the problem of underage gambling in the United States today?”



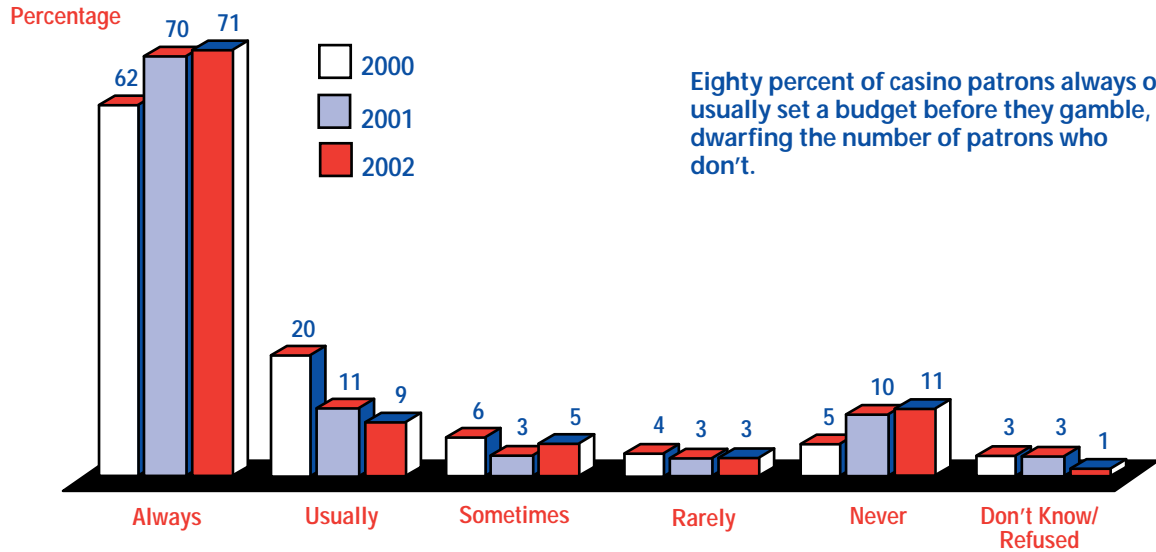
Source: Hart/Luntz

When it comes to young people, many Americans believe that the industry bears the most responsibility for addressing underage gambling. Americans also believe that society at large has a role to play in this effort.

# Perceptions

## RESPONSIBLE GAMING

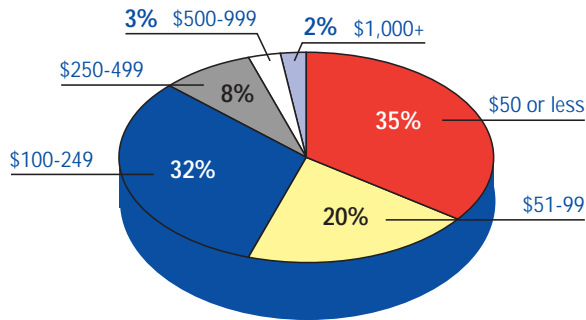
"When you go casino gambling, how often do you set a budget before you start?"



Eighty percent of casino patrons always or usually set a budget before they gamble, dwarfing the number of patrons who don't.

Source: Hart/Luntz

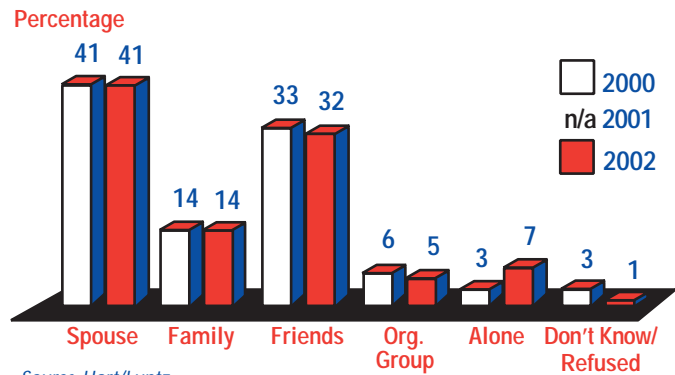
"What budget do you usually set for a day of casino gambling?"



Source: Hart/Luntz

An overwhelming majority (87 percent) of casino customers have gambling budgets under \$250. More than half have budgets under \$100 and more than one-third plan to spend \$50 or less. Only 5 percent plan to spend more than \$500 in a day.

"When you go casino gambling, do you usually go with your spouse, your family, your friends, with an organized group or alone?"



Source: Hart/Luntz

Gambling continues to be a social activity for 92 percent of casino customers.

# Reference Information

## METHODOLOGY

### **Peter D. Hart Research Associates, Inc./ The Luntz Research Companies**

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A total of 901 adult Americans were interviewed from Jan. 17-22, 2002. An additional 441-person oversample of casino patrons — persons who have visited a land-based, riverboat or American Indian casino within the last year — also was conducted. The margin of error for the total sample was  $\pm 3.3$  percent and  $\pm 4.6$  percent for the oversample. Interviews were conducted by telephone using traditional random digit sampling.

Peter D. Hart Research Associates, Inc., is one of the leading research firms in the United States. Now in its 31st year of operation, Hart Research has conducted more than 5,000 public opinion surveys and has administered and analyzed interviews of more than 2.5 million Americans.

The Luntz Research Companies is a political and corporate communications firm based in Washington, D.C. The company specializes in strategic communications counsel informed by in-depth research, including traditional telephone surveys, focus groups and instant response. Since its founding in 1992, the company has conducted more than 400 surveys in eight countries around the world.

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Frank Luntz 703-358-0080**

### **Harrah's Entertainment, Inc./ NFO WorldGroup, Inc.**

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Findings labeled Harrah's Entertainment, Inc./NFO WorldGroup, Inc., are based on a survey questionnaire developed by NFO WorldGroup, Inc., for Harrah's Entertainment, Inc., and mailed to a panel of 100,000 Americans 21 years of age and older. The survey generated 66,388 respondents from which a nationally representative sample of 17,939 casino players was identified. The margin of error for the survey was  $\pm 1$  point.

Founded in 1937, Harrah's Entertainment, Inc., operates 25 casinos in the United States, primarily under the

Harrah's brand name. Harrah's Entertainment is focused on building loyalty and value with its target customers through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence and technological leadership.

NFO WorldGroup, Inc., is a leading provider of insight into the needs, behaviors and attitudes of the American consumer. NFO offers clients a full range of marketing information services as well as the NFO Panel, the world's largest pre-recruited consumer panel.

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### **Andersen**

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Andersen assisted in this study in the compilation and analysis of data relating to the direct economic impacts of casino gaming in each gaming jurisdiction.

Andersen is a global leader in professional services, providing integrated solutions that draw on diverse and deep competencies in consulting, assurance, tax, corporate finance and, in some countries, legal services. Andersen has an extensive worldwide gaming practice that currently includes business risk and technology consulting for clients that operate in all sectors of the gaming industry.

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### **Christiansen Capital Advisors**

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Christiansen Capital Advisors (CCA), which provided historical data on consumer spending at commercial casinos, collects data from state regulatory agencies. In cases where such organizations don't exist, CCA estimated the size of the respective gaming markets utilizing population, per capita income, gambling expenditures in similar markets and other reliable sources.

CCA is a management consulting firm that serves the gambling, communications and entertainment industries.

**Contact: Sebastian Sinclair 207-793-2083**

## ACKNOWLEDGMENTS

The American Gaming Association would like to thank the following for their assistance with the survey: Peter Hart and his staff at Peter D. Hart Research Associates, Inc.; Frank Luntz and his staff from The Luntz Research Companies; Ed Bowers and his staff from Andersen; Dean Hestermann and Emily Pattat of Harrah's Entertainment, Inc.; Christiansen Capital Advisors; the National Indian Gaming Association; and the industry's state associations and regulatory agencies. Special thanks to Laura Symanski of Natsuko Design for the survey design and layout as well as Shannon Toole for her editing and proofreading expertise.

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