

## **U.S. Gambling Revenues up 6.8% to \$32.4 Billion**

May 8, 2007, AP Wire

Gambling revenues at U.S. commercial casinos rose 6.8 percent to a record \$32.4 billion in 2006, according to a survey released Tuesday by the American Gaming Association. The survey assembled data about 460 commercial casinos in 11 states from those states' regulatory agencies.

It found those casinos employed 366,197 people, up 3.2 percent from a year earlier, and contributed \$5.2 billion in gambling taxes to state and local governments, up 5.5 percent from a year earlier. The survey did not include the gambling revenues from 372 American Indian casinos in 28 states, 713 cardrooms in five states or 11,567 video lottery terminal locations in six states. The survey found strong growth in the 36 racetrack casinos found in 11 states. The "racinos" took in 16 percent more in gambling revenue than the previous year, or \$3.6 billion. Employment in the properties rose by 30 percent.

**American Gaming Association president Frank Fahrenkopf** attributed the growth to public officials' relative willingness to approve such expansion. "You don't run into the old NIMBY argument - not in my backyard," Fahrenkopf told reporters on a conference call Tuesday. "Here, there's already an existing facility and the state has already made a commitment to this kind of activity within its jurisdiction and all they're doing is changing the mix." Fahrenkopf said the addition of slots to racetracks is spawning a "revival" of the horse racing industry in some states. The survey found racinos accounted for \$1.4 billion in taxes to state and local governments.

The biggest gambling states by commercial casino revenue were Nevada at \$12.6 billion, New Jersey at \$5.2 billion, Indiana at \$2.6 billion, Mississippi at \$2.6 billion, Louisiana at \$2.6 billion, and Illinois at \$1.9 billion.

Poker continued its four-year rise in popularity in Nevada and New Jersey, though the survey showed a slowdown in the rate of revenue growth.

Casinos in those two states took in \$238.1 million in poker revenue in 2006, a 15 percent increase over 2005, when revenue jumped 37 percent.

The number of poker players heading to casinos doesn't appear to have been affected by a federal Internet gambling ban passed last fall, though it may be too early to tell, Fahrenkopf said. His association initially backed the bill but Fahrenkopf said it has switched positions and supports legislation calling for a study of the issue.

**The industry appears to have resigned itself to the wave of anti-smoking measures being passed in big gambling states - including Nevada and New Jersey. Although casinos in some states have been granted special status, Fahrenkopf said he didn't expect those exemptions to last long.**

**"A year or two down the road there's not any public facility you're going to be able to smoke a cigarette in and that includes us," he said.**

**Fahrenkopf said any restrictions applied to commercial casinos should also be imposed on American Indian casinos. "We think that ought to go across the board," he said.**

Fahrenkopf said the association did not find that its members' U.S. properties had been hurt by the growth of American Indian casinos or gambling markets abroad, particularly in the Chinese enclave of Macau.

He compared casinos to popular restaurant chains and said he didn't see the market reaching a "saturation point."

"When do you get too many McDonald's?"

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