

GAMING REVENUES

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

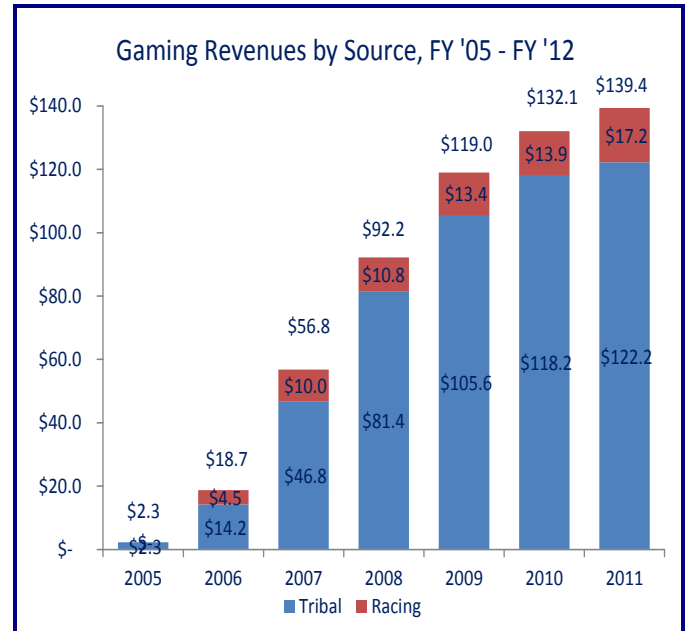
- It authorized a set number of gaming terminals at each of three racetracks (Remington Park, Blue Ribbon Downs and Will Rogers), and authorized or prohibited specific categories of games;
- It set up a model compact between the state and Native American tribes to regulate Class III tribal gaming operations.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

The state receives 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, 87.5 percent of gaming revenues are deposited in the 1017 Education Reform Fund, with the remaining 12.5 percent allocated to the General Revenue Fund.

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, \$132.1 million in FY '10, and \$139.4 million in FY '11. While gaming revenues continued to climb by a solid 5.5 percent in FY '11, the rate of annual growth has clearly begun to slow. Tribal gaming and racetrack gaming contributed equally to the growth in gaming revenue in FY '11.

Of the \$139.4 million collected in FY '11, \$122.2 million (87.7 percent) came from tribal gaming and \$17.2 million (12.3 percent) from the racetracks. These revenues can be further broken down as follows:



- Almost two-thirds (65.0 percent) of the \$122.2 million in tribal gaming revenues in FY '10 came from four tribes – the Chickasha (\$35.2 million), Choctaw (\$22.1 million), Cherokee (\$12.6 million) and Muskogee (Creek) (\$9.6 million). Revenue growth was greatest in FY '11 for the Choctaws, Muskogee (Creek) and Cheyenne–Arapahoes, while fifteen tribes saw slight declines in gaming fees this past year. In total, 31 tribes paid exclusivity fees to the state under the compact.
- Revenue from *electronic games* made up 87 percent of tribal gaming revenues, while *card games* made up the remaining 13 percent of gaming revenue. Both revenue streams grew modestly (about 3 percent) in FY '11. There were almost 60,000 machines in tribal casinos in Oklahoma in 2009, trailing only California.
- About 89 percent of racetrack gaming revenue is from machines at Remington Park (\$15.3 million) and 11 percent from Will Rogers Downs (\$1.9 million). Revenue from Remington Park grew by \$3.6 million in FY '11, while Will Rogers Down was largely unchanged. Blue Ribbon Downs ceased operations in November 2009.