OKLAHOMA GAMING COMPLIANCE UNIT

ANNUAL REPORT

FISCAL YEAR 2018

OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES

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EXECUTIVE SUMMARY

The State of Oklahoma collected nearly $139 million in tribal gaming exclusivity fees in fiscal year 2018 under state-tribal gaming compacts. This is a 3.48 percent increase over the previous year, a record amount for the fourth year in a row and good news for Oklahoma education funding.

Tribes paid the FY 2018 exclusivity fees based on almost $2.3 billion in revenue generated from Class III electronic games[1] and nonhouse-banked card games.

The increase in exclusivity fees coincided with record amounts collected by the state from nonhouse-banked card games, just over $20 million, and Class III games, about $118.6 million. Tribes do not pay exclusivity fees on revenue generated from Class II gaming.

Data included in this report also show a steady increase in the amount of exclusivity fees from nonhouse-banked table games, although still significantly less than that from electronic games.

FY 2018's collections are the fourth year in a row exclusivity fee payments have increased since the implementation of the compacts in 2005.

Until FY 2014, exclusivity payments had grown annually since 2005, when tribes first began operating under voter-approved, state-tribal gaming compacts. The compacts established exclusivity payments, one-time startup and annual assessments for the operation of covered games.

Exclusivity fees are distributed to the Education Reform Revolving Fund (1017 Fund), the General Revenue Fund and the Department of Mental Health and Substance Abuse Services. In FY 2018, the 1017 Fund received $121.7 million and the GRF received $16.6 million. ODMHSAS statutorily receives a set $250,000 annually from the exclusivity fees.

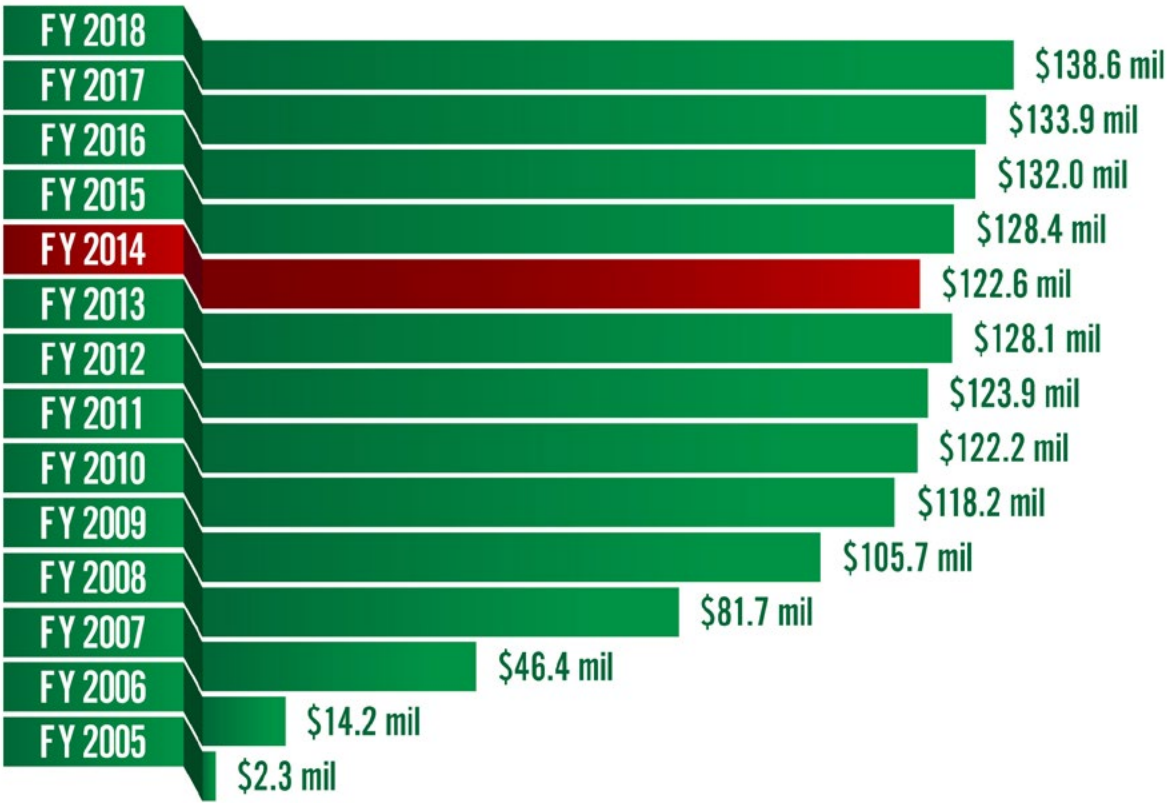
Under the compacts, tribes pay monthly exclusivity fees based on a sliding scale for Class III electronic games. For the first $10 million in revenue, tribes pay 4 percent to the state; for the next $10 million, the payment is 5 percent; and for revenues more than $20 million, the payment is 6 percent. Tribes pay 10 percent of the monthly net win from table games.

The compact also includes minimum state regulatory requirements on games, accounting and auditing standards, the licensing of employees, liability insurance, property claim procedures and several other provisions. The Gaming Compliance Unit of the Office of Management and Enterprise Services carries out the oversight responsibilities granted to the state under the compact.

[1] The state-tribal gaming compact allows for the play of the following electronic games: bonanza-style bingo, instant bingo and amusement games.

TOTAL EXCLUSIVITY FEES

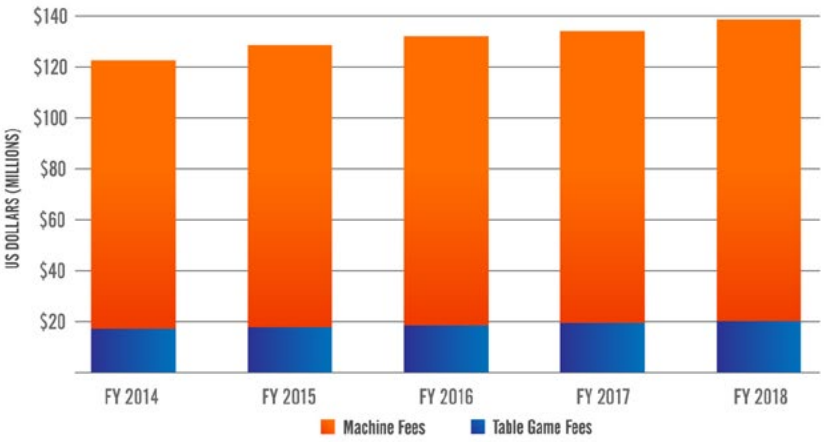
Exclusivity fee collections of $138,598,420 set a record for the fourth consecutive year in FY 2018. It was a $4,657,992, or a 3.48 percent, increase from FY 2017.

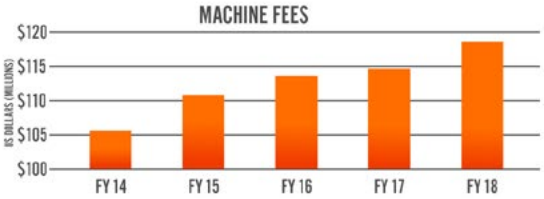


ELECTRONIC AND TABLE GAME FEES

The payment from electronic games is typically much greater than the payment received from table games, and FY 2018 was no different despite an all-time high in exclusivity fees from table games.

In FY 2018, tribes paid $118,598,301 in electronic games fees, a $3,953,640, or 3.45 percent, increase from the previous year. FY 2018 table games fees totaled $20,000,119, a $704,352, or 3.7 percent, increase from FY 2017.

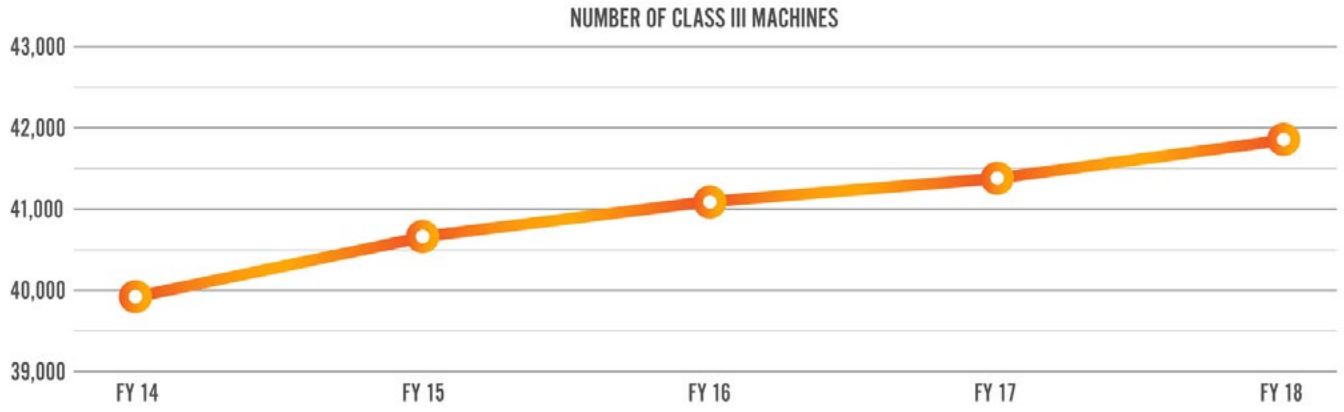




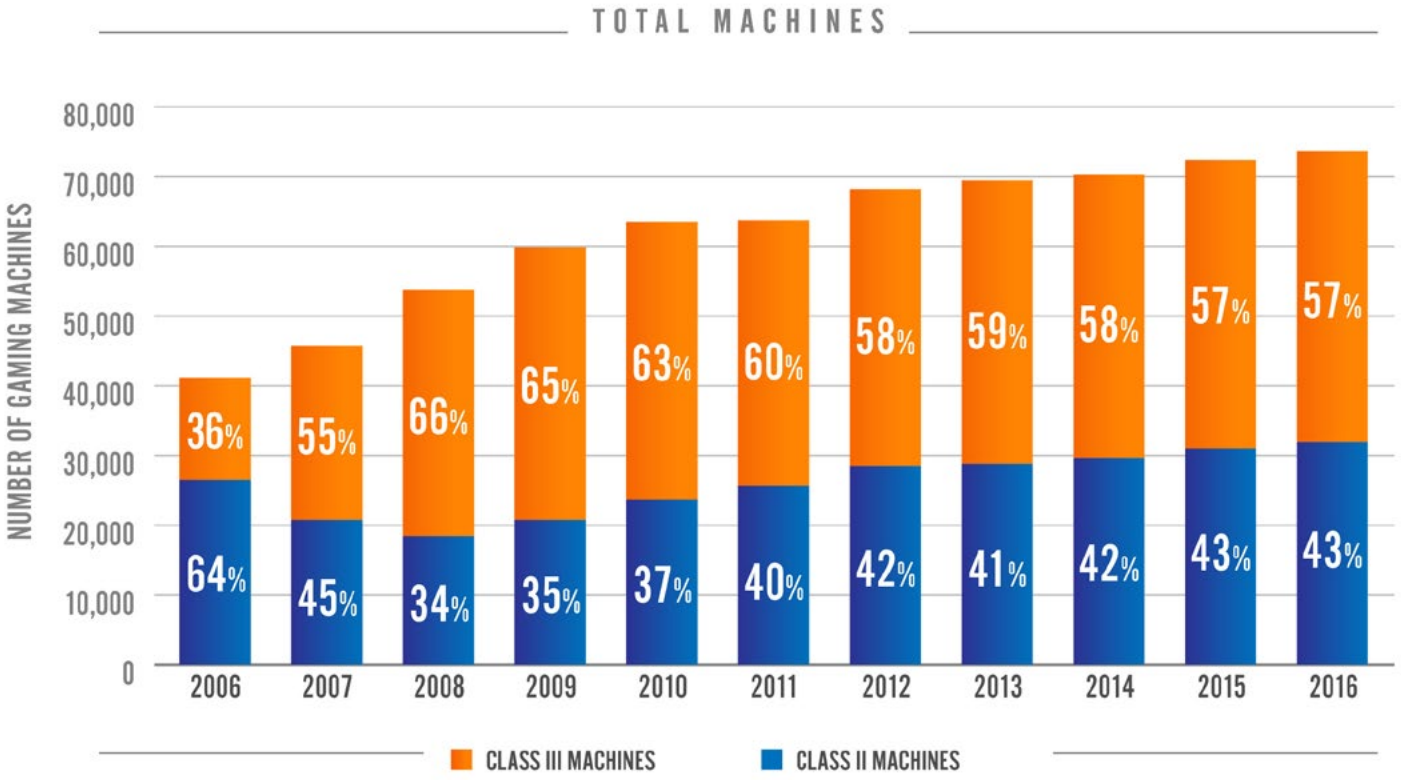
CLASS II AND CLASS III MACHINES

The number of Class III machines grew for the sixth consecutive year, which along with a coinciding increase in the number of Class II machines, likely impacted the total revenue from all machines.

In FY 2018, there was a monthly average of 41,860 Class III machines compared to 41,382 in FY 2017.



The growth of Class III machines was strong from 2005 to 2008, but weakened after the National Indian Gaming Commission withdrew restrictive Class II regulations in 2008. Class II machines declined from 2005 to 2008 but have grown substantially since 2009. While the number of Class III machines has steadily grown since 2012, available recent figures indicate Class II machines have grown at a faster pace as a percentage of total machines. The state collects exclusivity fees from Class III machines and nonhouse-banked card games but not Class II games.

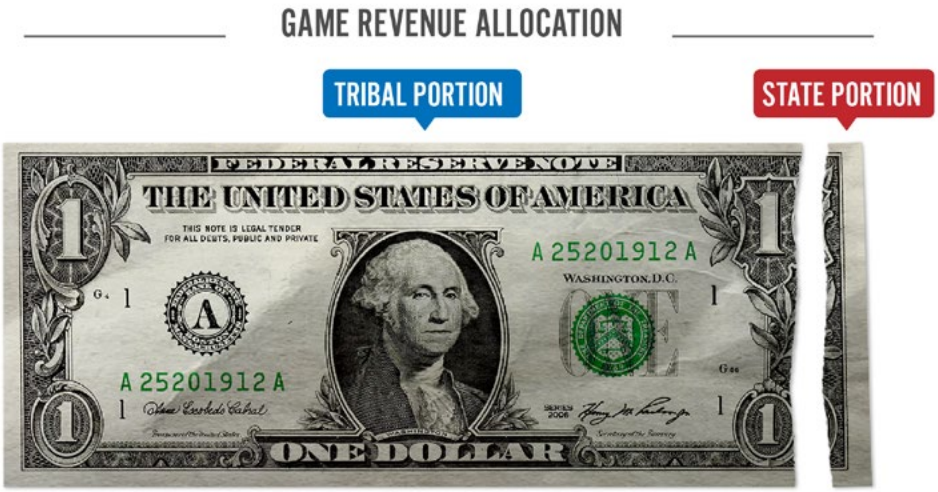


Note: Numbers are based on year-end totals for comparison sake. Source for Class II counts is *Casino City's Indian Gaming Industry Report*.

STATE AND TRIBAL PORTIONS OF REVENUE

In FY 2018, tribal revenue from Class III games and table games was $2,292,253,706.58, of which tribes paid $138,598,420, or 6 percent, to the state.

Under the state-tribal compact, tribes pay monthly exclusivity fees from Class III game revenues based on a sliding scale. For the first $10 million in revenue, tribes pay 4 percent to the state; for the next $10 million, the payment is 5 percent; and for revenues more than $20 million, the payment is 6 percent. Tribes pay 10 percent of the monthly net win from table games.



WHERE DOES THE STATE MONEY GO?

As required by statute, the exclusivity fees go to the Education Reform Revolving Fund (1017 Fund), the General Revenue Fund and the Department of Mental Health and Substance Abuse Services. ODMHSAS receives $250,000 annually. Of the remaining fees, the 1017 Fund receives 88 percent and the GRF receives 12 percent. The 1017 Fund received $121,746,609 in FY 2018 compared to $117,647,577 in FY 2017. The GRF received $16,601,810 in FY 2018 compared to $16,042,851 in FY 2017.

FEE DISTRIBUTION FY 2005–2018

EDUCATION REFORM REVOLVING FUND $1,227,601,481.92

GENERAL REVENUE FUND $167,400,202.09

DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES $3,354,166.13

Note: In the 2007 legislative session, Senate Bill 820 amended the 12 percent recipient from OHLAP to the GRF, effective for FY 2008. OHLAP funds began being directly allocated from the GRF as requested by Oklahoma State Regents for Higher Education and approved by the Board of Equalization.

EXCLUSIVITY FEES PAID BY TRIBES

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Absentee Shawnee Tribe of Oklahoma	$610,906.00	$573,958.00	$526,351.00	$631,280.00	$628,058.00
Apache Tribe of Oklahoma				$22,434.64	$42,954.36
Caddo Nation of Oklahoma				$42,669.36	
Cherokee Nation	$13,637,467.04	$14,279,243.10	$15,290,046.32	$15,562,043.62	$16,514,141.86
Cheyenne and Arapaho Tribes	$3,279,764.00	$3,146,603.00	$2,898,332.00	$2,924,228.00	$3,004,324.00
Chickasaw Nation	$42,303,348.00	$45,395,343.00	$46,861,383.00	$46,826,788.00	$47,875,473.00
Choctaw Nation of Oklahoma	$19,698,064.00	$20,993,444.00	$22,444,606.00	$24,023,247.00	$26,275,176.00
Citizen Potawatomi Nation	$4,033,981.00	$3,751,619.00	$4,079,849.00	$4,097,766.00	$4,090,961.00
Comanche Nation	$3,171,941.00	$3,643,416.00	$3,992,720.00	$4,000,766.00	$4,102,875.00
Delaware Nation	$715,864.21	$707,034.43	$644,843.43	$594,879.33	$655,513.80
Eastern Shawnee Tribe of Oklahoma	$1,691,819.00	$2,237,663.00	$2,593,546.49	$2,497,944.00	$2,172,231.00
Fort Sill Apache Tribe of Oklahoma	$1,772,842.00	$1,730,967.00	$1,813,945.00	$1,737,884.00	$1,708,298.00
Iowa Tribe of Oklahoma	$1,126,666.00	$1,376,630.00	$1,184.686.00	$1,125,774.00	$1,049,362.00
Kaw Nation	$233,246.00	$190,465.00	$274,384.00	$339,847.00	$320,490.00
Kickapoo Tribe of Oklahoma	$928,989.00	$849,860.00	$862,455.00	$849,107.00	$831,797.00
Kiowa Tribe of Oklahoma	$1,666,168.36	$1,559,659.00	$1,488,654.00	$1,613,213.00	$1,852,864.00
Miami Tribe of Oklahoma	$42,704.00	$41,381.00	$45,049.00	$48,148.00	$54,884.00
Modoc Tribe of Oklahoma	$264,735.00	$237,139.00	$215,858.00	$180,790.00	$160,662.00
Muscogee (Creek) Nation	$9,070,056.00	$8,974,265.00	$8,531,353.00	$8,961,012.90	$9,708,016.00
Osage Nation	$5,780,946.00	$5,937,879.00	$5,775,990.00	$5,585,285.00	$5,882,479.00
Otoe-Missouria Tribe of Oklahoma	$1,921,013.00	$1,916,777.00	$1,957,047.00	$1,984,521.00	$1,957,346.00
Ottawa Tribe of Oklahoma	$225,608.00	$198,998.00	$176,747.00	$164,975.00	$142,046.00
Pawnee Nation of Oklahoma	$291,636.00	$353,483.37	$321,650.00	$282,921.00	$307,928.00
Peoria Tribe of Indians of Oklahoma	$793,199.00	$861,254.00	$983,743.00	$1,007,939.00	$839,688.00
Ponca Tribe of Oklahoma	$50,784.00				
Quapaw Tribe of Oklahoma	$5,802,368.00	$5,850,767.00	$5,923,005.00	$5,769,333.00	$5,250,203.00
Sac and Fox Nation	$684,035.00	$767,792.00	$576,159.00	$579,171.00	$576,474.00
Seminole Nation of Oklahoma	$520,744.00	$564,840.00	$444,953.68	$420,524.00	$444,781.78
Seneca-Cayuga Nation	$497,451.34	$565,642.31	$403,250.30	$350,656.00	$322,716.00
Thlopthlocco Tribal Town	$128,432.00	$122,022.00	$125,652.00	$147,679.00	$181,109.00
Tonkawa Tribe of Oklahoma	$995,998.00	$823,407.00	$943,095.00	$919,354.00	$1,032,530.00
Wichita and Affiliated Tribes	$441,415.00	$488,105.00	$431,725.00	$354,624.00	$326,159.00
Wyandotte Nation	$239,439.00	$238,231.00	$294,164.00	$293,624.00	$286,879.00
TOTAL	**$122,621,628.95**	**$128,377,887.21**	**$132,035,242.22**	**$133,940,427.85**	**$138,598,419.80**

Note: *Red* indicates a decrease and *Green* shows an increase compared to the previous year.

OKLAHOMA CASINO LISTING

At the end of FY 2018, 31 tribes were operating 131 facilities offering Class III gaming related to the state-tribal gaming compacts.

TRIBE	CASINOS
Absentee Shawnee Tribe of Oklahoma	2
Apache Tribe of Oklahoma	1
Cherokee Nation	12
Cheyenne and Arapaho Tribes	6
Chickasaw Nation	20
Choctaw Nation of Oklahoma	22
Citizen Potawatomi Nation	2
Comanche Nation	5
Delaware Nation	2
Eastern Shawnee Tribe of Oklahoma	3
Fort Sill Apache Tribe of Oklahoma	1
Iowa Tribe of Oklahoma	4
Kaw Nation	3
Kickapoo Tribe of Oklahoma	2
Kiowa Tribe of Oklahoma	3
Miami Tribe of Oklahoma	2
Modoc Tribe of Oklahoma	1
Muscogee (Creek) Nation	9
Osage Nation	7
Otoe-Missouria Tribe of Oklahoma	5
Ottawa Tribe of Oklahoma	1
Pawnee Nation of Oklahoma	3
Peoria Tribe of Indians of Oklahoma	1
Quapaw Tribe of Oklahoma	2
Sac and Fox Nation	2
Seminole Nation of Oklahoma	3
Seneca-Cayuga Nation	1
Thlopthlocco Tribal Town	1
Tonkawa Tribe of Oklahoma	3
Wichita and Affiliated Tribes	1
Wyandotte Nation	1

Note: As of 6/30/2018

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