



**THE  
INNOVATION  
GROUP**

# **Economic Impact Analysis: Match-E-Be-Nash-She-Wish Band of Pottawatomis Indians**

Wayland, Michigan

Prepared for:

Gun Lake Tribe

**October 2018**

Prepared by:

The Innovation Group  
400 North Peters Street  
Suite 206  
New Orleans, LA 70130  
504.523.0888  
[www.theinnovationgroup.com](http://www.theinnovationgroup.com)

# Gun Lake Tribe Economic Impact Analysis

## Table of Contents

**GUN LAKE TRIBE ECONOMIC IMPACT ANALYSIS ..... 1**  
CUMULATIVE IMPACTS ..... 1  
ONGOING ANNUAL IMPACTS..... 2  
REVENUE SHARING..... 3  
METHODOLOGY ..... 3

# GUN LAKE TRIBE ECONOMIC IMPACT ANALYSIS

The Gun Lake Tribe has had a major impact on the economy of western Michigan resulting from the construction and operation of the Gun Lake Casino, which opened in 2011. The casino employs more than 1,000 people and spends nearly \$20 million annually on goods and services from Michigan vendors. In addition, income from the casino funds Tribal government activity, local and statewide investment funds for non-gaming development, and local government mitigation payments.

## *Cumulative Impacts*

Over the past seven years (2011-2017), the Gun Lake Tribe has added nearly **\$1.5 billion** to Michigan's Gross Domestic Product (GDP).

This impact has resulted from the construction and operation of the casino and Tribal government and enterprises, along with contributions to Michigan economic development and local government.

Operation of the casino and Tribal government and enterprises, along with the effects of revenue sharing payments, accounts for \$1.25 billion of this added economic value. Revenue sharing payments to the State and local entities have totaled more than \$109 million through the first half of 2018.

### Gun Lake Tribe Statewide Impact Summary: Cumulative FY 2011-2017 Operations (\$MMs)

	Direct	Indirect & Induced	Total
Labor Income	\$253	\$333	\$586
<b>Value Added (GDP)</b>	<b>\$620</b>	<b>\$629</b>	<b>\$1,249</b>
Output	\$1,400	\$1,085	\$2,485

Source: IMPLAN, The Innovation Group

Moreover, through 2017 the Gun Lake Tribe has spent more than \$236 million on construction of the casino and Tribal facilities. This investment has directly contributed over \$142 million to Michigan's GDP, and on a single-year equivalent basis directly supported 1,439 jobs.

### Gun Lake Tribe Statewide Impact from Construction (\$MMs)

	Direct	Indirect & Induced	Total
<b>Employment*</b>	<b>1,439</b>	<b>1,128</b>	<b>2,568</b>
Labor Income	\$90.87	\$53.76	\$144.63
<b>Value Added (GDP)</b>	<b>\$142.95</b>	<b>\$89.75</b>	<b>\$232.70</b>
Output	\$234.32	\$160.83	\$395.15

Source: IMPLAN, The Innovation Group. \*Note: Person-year equivalents.

## *Ongoing Annual Impacts*

On an ongoing basis, the Gun Lake Tribe contributes the following direct inputs into the Michigan economy annually from the operation of the casino, Tribal government and enterprises, and contributions to economic development and local government. Employee compensation at the casino averages nearly \$35,000.

<b>Gun Lake Tribe Direct Effects (\$MMs)</b>					
	<b>Casino</b>	<b>Tribal Government</b>	<b>Economic Development Funds</b>	<b>Local Mitigation</b>	<b>Total</b>
Jobs	1,088	121	42	30	1,281
Employee Compensation	\$37.77	\$6.29	\$2.26	\$1.80	\$48.12
Spending on Michigan Goods & Services	\$19.70	\$11.39	\$5.02	NA	\$36.11

Source: Gun Lake Tribe, The Innovation Group. Notes: Statewide Effects. Based on 2017 data.

Given its location between Grand Rapids and Kalamazoo, the Gun Lake Casino has a local impact covering five counties: Allegan, Barry, Kalamazoo, Kent, and Ottawa. More than half of the casino's spending on Michigan goods and services occurs in that five-county area.

Gun Lake is estimated to support approximately 1,250 jobs and to contribute \$110 million in Gross Domestic Product (GDP) annually into the local region in direct effects alone (from 2017 operations). From those direct effects, the Gun Lake Tribe's contribution ripples out into other sectors of the economy, leading to an estimated 2,500 total jobs and GDP value of \$212 million.

<b>Gun Lake Tribe Local Impact Summary: 2017 Operations (\$MMs)</b>			
	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
<b>Employment</b>	<b>1,249</b>	<b>1,242</b>	<b>2,491</b>
Labor Income	\$46.39	\$52.94	\$99.33
<b>Value Added (GDP)</b>	<b>\$109.97</b>	<b>\$102.21</b>	<b>\$212.18</b>
Output	\$233.92	\$173.57	\$407.50

Source: IMPLAN, The Innovation Group

The local impacts flow into other counties in the state, leading to a total contribution to Michigan's Gross Domestic Product (GDP) of more than \$228 million and 2,675 jobs.

<b>Gun Lake Tribe Statewide Impact Summary: 2017 Operations (\$MMs)</b>			
	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
<b>Employment</b>	<b>1,281</b>	<b>1,394</b>	<b>2,675</b>
Labor Income	\$48.12	\$61.50	\$109.62
<b>Value Added (GDP)</b>	<b>\$112.42</b>	<b>\$116.21</b>	<b>\$228.62</b>
Output	\$242.40	\$200.41	\$442.81

Source: IMPLAN, The Innovation Group

## *Revenue Sharing*

The Gun Lake Tribe makes revenue sharing payments through three primary vehicles: 1) GLIMI, an economic development partnership between the State and Gun Lake Investments (see below) that pursues local non-gaming economic development and job creation; 2) Michigan Strategic Fund (MSF), a State economic development agency; and 3) direct payments to local governments. Through these three revenue sharing vehicles, the Gun Lake Casino contributed over \$15 million to the local and state economy in 2017. In total since the casino's opening, the Tribe has contributed \$109 million in revenue sharing.

<b>Revenue Sharing Category</b>	<b>Cumulative thru 1H</b>	
	<b>2017</b>	<b>2018</b>
GLIMI	\$2.54	\$8.60
Michigan Strategic Fund	\$8.48	\$75.46
Local	\$3.99	\$25.27
<b>Total Statewide Payments</b>	<b>\$15.01</b>	<b>\$109.32</b>

Source: Client provided data

## *Methodology*

Economic impact analyses quantify the benefits from the opening or closure of a business or industry. Direct impacts are the economic activity that occurs within an industry itself: for example, the people employed by the Tribal government and at the Gun Lake Casino and its restaurants, as well as the spending by the Tribe and Casino on supplies and materials. For the Gun Lake Casino, we have also included slot revenue sharing payments to local governments, the Michigan Strategic Fund, and GLIMI, a tribally controlled enterprise funding non-gaming development.

Economic ripple effects were modeled through IMPLAN, a leading supplier of economic impact data and software used and relied upon by thousands of private developers and government agencies. Indirect effects reflect the economic spin-off that is made possible by the direct purchases of the casino and Tribe. Firms providing goods and services to any of the Tribal operations have incomes partially attributable to the Tribe. Induced impacts result from the spending of labor income: for example, Gun Lake Casino employees or Tribal government employees using their income to purchase consumer goods locally.

Economic impacts are expressed in the following categories:

**Employment** is measured in IMPLAN and by the U.S. Census as headcount, in other words the number of full and part-time workers supported by an economic activity.

**Labor Income** is compensation to all workers both employees and owners in terms of wages and salaries as well as benefits and payroll taxes. Profits from self-employed businesses can also be included in this category as compensation to the owner. These are known as employment compensation and proprietor income in IMPLAN.

**Value-Added** measures the industry or event’s contribution to Gross Domestic Product (GDP). It consists of labor income (as described above), taxes on production, and other property income (such as corporate profits, rent payments, and royalties). It is the most appropriate measure of economic impact because it excludes intermediate inputs, which are the goods and services (including energy, raw materials, semi-finished goods, and services purchased from all sources) used in the production process to produce *other* goods or services rather than for *final* consumption. For example, the paper stock used in a magazine publication is an intermediate input whereas paper stock sold in an office-supply store is the final product sold to the consumer. The value of producing the magazine’s paper stock is accounted for in measures of GDP within the Paper Manufacturing sector, not in the Publishing sector.

**Output** is the total value of industry production; it consists of value-added plus intermediate expenditures. Output is frequently the total price paid by consumers for a good or service.

The following flow-chart shows how the economic impact model operates.

