

New casino games fuel growth in Cherokee, even as potential for gambling competition looms

Written by Administrator
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CHEROKEE To see why the Catawba Indian Nation is pressing hard for a \$339 million casino in Cleveland County, look to the mountains.

Two years ago this month, the Eastern Band of Cherokee Indians began offering live dice and card games and expanded slot machine offerings at what is now a mini-Las Vegas in Western North Carolina. It draws more than 3 million people a year to Cherokee just as the tribe is embarking on plans for a second casino in Murphy, about an hour away.

The gambling expansion boosted casino revenue in 2013 above \$500 million for the first time, an influx that is reshaping the Oconaluftee River valley as the tribe spends millions to upgrade buildings and add services on the reservation.

The big-dollar growth also demonstrates what's at stake as the Cherokees now face a threat of competition from a centuries-old rival: the Catawba Indian Nation.

The Catawba tribe, based in Rock Hill, [unveiled plans a year ago for a \\$339 million casino](#) across the border in North Carolina on what it says is ancestral land. The Catawbas filed paperwork with the federal Bureau of Indian Affairs to use a piece of property along Interstate 85 in Kings Mountain, west of Charlotte, for their proposed gambling operation.

The Eastern Band filed a formal letter in March to protest the Catawbas' application, for the first time detailing its opposition to the project on legal grounds and suggesting the proposal is not allowed under state and federal law.

In Cherokee, the expansion was made possible by state lawmakers, who allowed the games as part of a new 30-year compact with the tribe. Tribal leaders point to a rising \$75 million hospital and other crucial infrastructure funded by gambling proceeds as evidence of the agreement's importance.

The Eastern Band Cherokee experience is that gaming can dramatically impact the lives of

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Cherokee families, particularly our precious children, in ways even we never dreamed possible," said Principal Chief Michell Hicks in testimony before a U.S. Senate committee in July.

The Catawba plans for Kings Mountain unsettled Cherokee tribal members just as their fortunes were increasing.

"Everybody is listening closely to see if anything is happening with that," said Annette Clapsaddle, the executive director of the Cherokee Preservation Foundation.

Catawba Nation officials reject the Cherokee arguments against their project. But the opposition is likely to slow the application process, which is expected to take at least another year to complete.

Even if approved, a yearslong court battle could follow, much like the situation in South Carolina, where the Catawbas' attempts to open a casino have been blocked by the state.

"What's good for one nation should be good for others," said Bill Harris, chief of the Catawba nation. "We should all work together."

More than the potential financial hit, some Cherokee tribal members are concerned that adding the Catawba casino would set a dangerous precedent and allow other tribes with ancestral roots in North Carolina to make similar land claims, spawning casinos across the state.

"We do not object to the Catawbas' having gaming on their reservation in South Carolina," Hicks said in a statement. "Our opposition to the proposed North Carolina land acquisition is based on respect for traditional tribal territory."

The Catawba Nation is the only federally recognized tribe in South Carolina with nearly 3,000 members, about two-thirds of whom live on the Rock Hill reservation or in surrounding counties.

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But Harris has highlighted the tribe's longtime roots in North Carolina as he looks to build the new casino.

"We were in the state," Harris said, "before there was ever a state."

New games, new players

Now, the Cherokee tribe calls the Qualla Boundary home. More than 8,000 tribal members live on the reservation, which spans parts of five counties a two-and-a-half hour drive west of where the Catawbas want to build.

The newly expanded Cherokee casino, which is operated by Las Vegas-based Caesars Entertainment as Harrah's Cherokee Casino Resort, is marked by three hotel towers that rise 21 stories. The tribe spent \$633 million on recently completed upgrades.

Inside, the low-lit gambling floor is bigger than the new hospital's planned square footage. The 3,600 slot machines ding and chime in a digital trill broken only by occasional hoots and hollers from the 130 card and dice tables. Poker, roulette, craps and other such games are legal under the new law and compact. The tribe first won approvals to offer slots and digital games in 1997, but was previously prohibited from offering the wider array of games.

Parked at a Triple Lucky 7 in a pit of high-dollar slots, Atlanta resident A. Craig swiped his Seven Stars member card and hit a button. His wife repeated the motion at a nearby machine.

"We've been here as many as 42-44 weekends a year," said Craig, who works in computer security. "Since they've had table games the last two years we've basically been players."

Before then, they had visited about four times total. It's not uncommon, he said, for him to spend \$1,000 a weekend.

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Craig is part of the new market of big-dollar players drawn to the expanded casino, many of whom come from the Atlanta area.

The planned Catawba casino, a straight shot on I-85 from Atlanta, may tempt Craig, but his member perks — free rooms, free meals, free trips to Vegas, free cruises — likely will retain his loyalty in Cherokee for now, he said.

“I never expect to walk out with more money than I came in with and I never lose more money than I expect to,” he said. “Pretty much it’s entertainment for us.”

Casino profits down elsewhere

At the national level, tribal casino revenue has remained essentially flat for years. The National Indian Gaming Commission, an independent federal regulatory agency, reported in July that nationwide revenues were \$28 billion in fiscal year 2013, up just \$100 million from the year before, or less than one half percent.

Elsewhere, casinos are closing amid competition and an oversaturated market. Harrah’s Tunica in the Mississippi Delta shuttered earlier this year and multiple casinos in Atlantic City, N.J., are closing soon.

The Cherokee casino is better situated without competition from Georgia or Tennessee, where gambling is illegal. An Indian Gaming Industry Report by Casino City Press, a market research company, said revenue increased at Harrah’s Cherokee by 3 percent in 2012, but it fell short of the 5.8 percent growth in 2011.

Last month, the Eastern Band’s chief told the Senate committee that gaming revenue totaled \$513 million in 2013, the first full year of the new games. But tribal officials declined to release additional gaming revenue figures. Under the compact, the tribe must file audits with the state Attorney General each year but it has so far not complied, state officials said.

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For comparison, [a previous study by UNC Chapel Hill commissioned by the tribe](#) identified 2008 as one of the casino's best years, with \$450 million generated from gaming.

In 2015, the Cherokees will open a second casino on tribal land in Murphy, about 60 miles to the southwest of Cherokee, near the Georgia and Tennessee borders. The new compact enabled the \$110 million project and the tribe expects a net increase in gambling revenue of \$50 million.

The new casino will feature about half as many games as the current Cherokee casino and will employ upward of 1,000 people. The larger casino employs more than 3,000. Both provide an economic bump in poor areas of the state, a reason lawmakers struck a deal with the tribe.

Where the money goes

Of the casino profits distributed to the tribe, half goes to the 15,000 registered tribal members in two checks a year.

The payments to each individual totaled about \$7,700 in 2012, according to published reports. The first check this year, distributed in June, was for \$4,023.

For tribal members younger than age 18, the money is collected and held in trust until they earn a high school diploma or receive an equivalency degree and take a financial management course. Otherwise, the money is not distributed until age 21.

The other half of the tribe's portion funds local government operations and services to address persistent problems on the reservation, such as financial illiteracy and diabetes.

Much of it shows up in construction projects such as the new hospital. The growth has been

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steady in recent years: a \$5 million downtown revitalization initiative, a \$13 million affordable housing project and a \$20 million justice center.

Just three years ago, the tribe added a \$130 million school for kindergarten through 12th grade with a 3,000-seat arena and a football stadium that rivals the local university's. And in July, the tribe opened a \$4.1 million youth center in nearby Robbinsville.

"You can build stuff when you have money," said Lynne Harlan, a tribal member, as she drove past all the new development on a recent reservation tour. "You can reinvest in your community when you have money."

Under the compact, the state receives 4 percent from the live table games in the first five years, a proportion that increases into the future. The state expected to get \$2 million to \$3 million from the new games but state budget officials could not verify the figures for the first years.

For the new Cherokee casino in Murphy, Gov. Pat McCrory would need to sign a similar revenue-sharing agreement, but the potential terms remain unclear. A McCrory spokesman said the discussions have not yet begun.

Before 1997, when the tribe opened a one-room casino under the first gambling compact signed by Gov. Jim Hunt, Harlan said the reservation was entirely dependent on seasonal tourism for revenue.

"It's a small percentage of what we operate on now," she said of tourism dollars. "We didn't have as many services then either."

Still, the potential competition for gambling dollars from the Catawbas is adding new urgency to an effort underway on the reservation to develop a more diversified economy, one that looks past tourism and the casino into luring the technology and knowledge industry to the area.

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“Many individual jobs are dependent on the gaming industry, but with any business there is a threat of competition or the downturn of the markets,” said Clapsaddle, the Cherokee Foundation director. “That’s probably one of the biggest concerns on the table.”

Success story

The Kings Mountain casino has drawn strong support from local officials in Cleveland County, who see it as a source of potential jobs in an economically depressed area. But the project has faced a backlash from a bipartisan group of elected officials in the legislature. McCrory’s office said in September that the governor “remains unconvinced that any new casino proposal is in the best interest of North Carolina.”

The Eastern Band of Cherokee Indians are a political force in the state, even attracting the Republican state party convention to their casino this summer. In the past decade, the tribe’s political action committee has given more than \$1.3 million to candidates and other PACs in North Carolina, making it the state’s 15th-biggest giver, according to the National Institute on Money in State Politics.

Back in Rock Hill, the Catawbas [opened a bingo hall](#) last month, and Harris said it has been a positive, employing nearly 40 people. But the tribe’s much more ambitious casino project remains on hold until federal officials decide on the land application.

Harris said he has made two courtesy calls on the Bureau of Indian Affairs in Washington, but said there is no timetable for action. He said he expected Cherokee opposition but hopes they some day work together, perhaps on casino package deals.

If the Kings Mountain casino received approval, Harris said he can envision a similar boon for his tribe, including hospitals, schools and payments to members. Schools could help keep the tribe’s culture alive through additional curriculum, he said.

“Our dream was never to alter what the Cherokee are doing,” Harris said. “It was to mimic what the Cherokee have done. The Cherokee are a success story.”

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