
**The Economic Impact of
Grand Casino Mille Lacs
and
Grand Casino Hinckley
on Their Surrounding Areas**

**A Research Report by
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Introduction

The federal Indian Gaming Regulatory Act of 1988 authorized Tribal gaming as a means of promoting economic development, self-sufficiency, and strong Tribal government. Since that time, a number of Indian Tribes in Minnesota have opened gambling casinos designed to meet the purposes of the 1988 Act. Among the more successful of these endeavors have been the Grand Casinos opened by the Mille Lacs Band of Ojibwe.

Since the opening of the Grand Casinos at Mille Lacs in 1991 and Hinckley in 1992, it has been apparent that the casinos have been beneficial for their owners, the Mille Lacs Band of Ojibwe. What have not been as well known are the positive impacts the casinos have had on their surrounding communities in Mille Lacs and Pine counties.

This report will examine a number of these impacts on the people, businesses and local and county governments affected by the casinos. Included will be:

- Impact on property values and net tax capacity at the local and county levels
- Impact on new business development, jobs and unemployment rates
- Impact on new housing development
- Impact on law enforcement and public safety needs
- Impact on tourism

The information will show that, while the casinos have not been a panacea to meet every need during their first few years in operation, they have quickly generated a strong, positive impact on their surrounding communities at a minimal cost. And they hold promise to provide continued benefits into the future.

Other reports have shown the direct impacts the casinos have had on local economies through construction, casino wages and benefits, income taxes paid, and increases in Tribal programs.' This report will focus, instead, on the impacts the casinos have had on the economic conditions of the businesses, residents and units of government in their areas of operation.

¹See Impact: Indian Gaming in the State of Minnesota,. Marquette Partners, 1992, and Economic Benefits of Tribal Gaming in Minnesota, Minnesota Indian Gaming Association, 1992.

Summary of Findings

Net Tax Capacity has increased above the Minnesota average.

Net property tax capacity in Mille Lacs and Pine counties has increased in each year since the opening of the Casinos. Property tax capacity has also increased in Hinckley and Onamia, the cities nearest to where the Casinos are located. This despite the fact that the Casinos themselves are located on "trust" lands that pay no property taxes.

Trust Lands make up only a small share of county land.

Trust lands in Mille Lacs County represent only 0.6 percent of the net acreage of property in the county and represent only 4.8 percent of the net tax capacity of the county. The Mille Lacs Band of Ojibwe owns additional taxable land in Mille Lacs County and pays taxes on these properties. Trust lands in Pine County are a very small part of the county and are not evaluated for tax purposes.

Tax Rates in Mille Lacs County have gone down.

Between 1995 and 1996, the tax rate in Mille Lacs County dropped from .82 to .78. Between 1992 and 1995, the county's rate of increase was 29th highest in the state.

Tax-Exempt property accounts for 24 percent of the market value in Mille Lacs County.

Mille Lacs County has the fifth highest percentage of tax-exempt property among Minnesota counties. This is a major factor affecting the county's property taxes. Of the tax-exempt property, trust lands account for only 9 percent of the market value.

Tax revenue lost to Mille Lacs County from TIF was more than from trust lands.

Mille Lacs County has 12 tax-increment financing (TIF) districts with a net tax capacity of \$444,534. This was 5.9 percent of the county's net tax capacity for 1995. The net tax capacity of the trust lands was 4.8 percent.

Lake shore property values have increased substantially.

Despite the controversy of the ongoing court action regarding Indian fishing rights for Lake Mille Lacs, lake shore property surrounding the lake has increased substantially in value during the 1990s.

The Casinos have spurred new business development.

In both the Onamia and Hinckley areas, large numbers of new businesses have opened near the casinos, adding hundreds of additional jobs over and above the employment provided by the casinos.

New housing starts have increased.

The many jobs offered by the casinos and other new businesses have led to increases in housing demand in the Onamia and Hinckley areas. Building permit activity in these areas has increased since the opening of the casinos, and additional housing development is anticipated.

Most Public Safety needs are for ambulance calls, locked cars, and traffic accidents.

While the casinos have greatly increased the numbers of people passing through the Mille Lacs and Hinckley areas, the areas have not seen the large increases in crime that might have been anticipated. The majority of the public safety calls to the casinos have been for ambulances, locked cars, and traffic accidents.

The Casinos have had 5.5 million visitors in the past year.

Grand Casino Mille Lacs has had 2.5 million visitors during the past year. Grand Casino Hinckley has hosted 3 million visitors. Only the Mall of America has attracted more visitors.

The Casinos and other tourist attractions complement each other.

The casinos and other tourist businesses in the Hinckley and Mille Lacs areas have worked together on joint promotions to attract tourist dollars to their areas. Rather than competing, they each contribute to the overall attraction of their areas.

I. Property Values and Net Tax Capacity

New taxes generated by the casinos and related new businesses have provided strong support for county and local governments.

Trust Land

It had been feared that the Grand Casinos, which are built on non-taxable trust lands owned by the Mille Lacs Band of Ojibwe, would cause reductions in the property taxing capacity of Mille Lacs and Pine counties, while at the same time increasing the need for public services provided by the counties. While the Grand Casino and Hotel at Mille Lacs are built entirely on trust lands, only the Grand Casino itself is on trust lands in Hinckley. All of the remaining casino property, including all of the restaurants, the arcade and children's areas, the hotel, amphitheater, recreational vehicle park, golf course, and even the parking lot, are on taxable land. Because this land in Hinckley had previously been agricultural, the property taxes generated by the casino and related development are considerably larger.

Mille Lacs County officials have estimated that trust lands owned by the Mille Lacs Band of Ojibwe in the county have a market value of \$12,978,900. This figure includes the value of the casino. If taxable, the net tax capacity of these trust lands would be \$389,785. This represents 4.8 percent of the net tax capacity of Mille Lacs County for 1996, and it is less than the net tax capacity increase in the county in 1995 or 1996. The total acreage of the trust and reservation land is 1,877 acres, or 0.6 percent of the land in the county.

The trust land upon which the casino was built was owned by the Mille Lacs Band before the casino was built. It had very little value, being mainly vacant with a few houses, which were moved by the Band. The county did not lose any tax base because of the casino, since the land had been owned by the Band before the casino was built and was not taxable.

It should also be noted that the Mille Lacs Band owns additional property in the county that has not been placed in trust and upon which property taxes are paid. This land has a market value of \$1,468,200 and a net tax capacity of \$28,174. Taxes payable on these properties in 1996 are \$46,198.

There is very little trust land in Pine County. In addition to the land upon which the casino is built, there is some trust land in the eastern part of the county in the Lake Lena area. Because there is so little trust land in Pine County, the county has not determined its market value, net tax capacity, or the amount of taxes that would have been payable had the land been taxable.

Impact on County and Local Budgets

County and local budgets in the casino areas could be expected to increase to cover the costs associated with these major attractions. However, the counties have not reported major cost increases. Law enforcement costs are fully covered in Pine County by payments from the Hinckley Casino. The casino also paid \$ 1 million toward a new wastewater treatment plant, contributed to a new community center in Hinckley, and donated a \$20,000 ambulance. In Mille Lacs County, the Tribal Police assist with casino needs. Costs for courts and jail needs are not covered.

Net Tax Capacities

The net tax capacity is the taxable value of the property in a given area.² Since the casinos opened in Mille Lacs and Pine counties, net tax capacity in each of these counties increased by greater percentages than the State of Minnesota as a whole. See Table One.

Table One
Net Tax Capacity - 1990 - 1996

Year	Mille Lacs County	Pine County	State of Minnesota
1990	\$6,940,467	\$9,663,327	\$3,154,362,460
1991	\$7,011,468	\$10,027,462	\$3,280,556,388
1992	\$7,009,462	\$10,018,927	\$3,228,689,527
1993	\$7,063,995	\$9,809,697	\$3,195,403,284
1994	\$7,087,609	\$10,157,227	\$3,157,983,863
1995	\$7,515,378	\$10,912,097	\$3,284,131,741
1996	\$8,147,372	\$12,027,772	\$3,498,000,000 est.

Source: Minnesota Department of Revenue

Net tax capacity in Mille Lacs County increased by \$1,206,905 between 1990 and 1996, an increase of 17.4 percent. During the same period, net tax capacity in Pine County increased by \$2,364,445, an increase of 24.5 percent. Net tax capacity for the State of Minnesota as a whole increased by about \$343,637,540 during this period, an increase of only 10.9 percent. It is clear, then, that the development of the Grand Casinos did not have a negative effect on property tax capacity. In fact, because of new businesses and housing generated by the casinos (see parts II. and III. of this report), their impact on property tax capacity was clearly positive.

²Net tax capacity is the market value of the property multiplied by the tax classification rate for the type of property. For example, the tax classification rate for rental housing is 3.4%. For a \$1 million rental building, the net tax capacity would be \$1 million times 3.4%, or \$34,000. The taxes payable are determined by applying the local tax rate to the net tax capacity.

Tax Rates in Mille Lacs County

There has been concern for some time that tax rates in Mille Lacs County are too high. In fact, Mille Lacs County's 1995 tax rate of .82 was the highest of any county in Minnesota. However, the county was able to reduce its tax rate in 1996 to .78, which was second highest of any Minnesota county. Between 1992 and 1995, the county's rate of increase was 29th in the state, despite the fact that their net tax capacity increase during that period was 49th highest in the state. These figures suggest a downward trend in tax rate increases in the county.

Tax-Exempt Property in Mille Lacs County

The county has indicated that one reason for higher tax rates in the county is the lack of commercial industrial tax base in the county. Another extremely important factor affecting the county's tax rates is the amount of tax-exempt property in the county. Tax-exempt property includes educational institutions, church property and cemeteries, hospitals and charitable institutions, other public property, forests, parks, and Indian Reservations (trust lands).

Mille Lacs County has the fifth highest percentage of tax-exempt property of any county in Minnesota. In Mille Lacs County, 22.3 percent of the property is tax-exempt, and another 1.7 percent was In Lieu, public property maintained primarily by the Minnesota Department of Natural Resources. The comparable figures for the State of Minnesota are 16.8 percent tax-exempt and 1.7 percent In Lieu,³ See Table Two for a comparison of the market values of taxable property, all tax-exempt property, and trust lands.

Table Two
Comparison of Market Values of Taxable, Tax-Exempt
and Trust Lands in Mille Lacs County
1992

Type of Property	Market Value
Taxable Property	\$461,415,000
Total Tax-Exempt Property	\$135,691,000
In Lieu Property	\$10,197,000
Trust Lands - 1996 Value	\$12,978,900

Source: Minnesota House Research

Even comparing the four-year old 1992 tax-exempt market value for all tax-exempt lands to the 1996 market value for trust lands, the trust lands constitute only 9 percent of the market value of the county's tax-exempt and In Lieu property. However, the county receives a disproportionate benefit from this small portion of its tax-exempt property because of the number of people employed at the casino.

³"Tax Exempt Property 1992 Market Values by County," 1992 Minnesota House Information Brief.

Tax-Increment Financing in Mille Lacs County

In 1995, Mille Lacs County had 12 Tax-Increment Financing (TIF)⁴ districts with a total market value of \$4.7 million and a net tax capacity of \$444,534. The amount of tax revenue that went to these districts instead of to the taxing jurisdictions (county, city and school district) in 1995 was \$733,133.

Despite the loss of tax revenue to the county, Mille Lacs County itself initiated 3 of the TIF districts in the Mille Lacs area to assist with the development of 3 hotel/resort properties. Because of TIF, the new businesses generated in the casino area paid only \$29,165 in 1996 property taxes on a market value of \$3.1 million. At the same time, the non-trust land owned by the Mille Lacs Band of Ojibwe paid \$46,198 on land valued at just \$1.4 million.

The 12 TIF districts represent 5.9 percent of Mille Lac County's net tax capacity for 1995, a figure that is greater than the 4.8 percent of net tax capacity of the trust lands.

Property Values Around Lake Mille Lacs

Although not directly related to the casino, the pending court decision regarding hunting, fishing and gathering treaty rights on Lake Mille Lacs for the Mille Lacs Band of Ojibwe was a cause of concern for many residents of the area. It was feared that property values for residential and resort property owners around the lake would plummet. However, this has not happened.

Lake shore Property Value Change and Treaty Rights: A Look at Mille Lacs, Leech, Smith and Borden Lakes - 1990 to 1995. a report prepared by Thomas L. Anding, indicates that, in fact, property values around Mille Lacs, as well as the other lakes studied, have increased dramatically between 1990 and 1995. It should be noted that all lakes included in the study have casinos located nearby, and Leech Lake also has treaty harvesting of fish. See Table Three for information on 1990 and 1995 property values for all four lakes.

Table Three
Lakeshore Property Values - 1990 and 1995

Name of Lake	1990 Estimated Market Value	1995 Estimated Market Value	\$ Difference	Percent Increase
Mille Lacs	\$6,488,100	\$10,861,738	\$4,373,638	67 percent
Smith	\$ 709,500	\$ 1,021,453	\$ 311,953	44 percept
Borden	\$1,888,830	\$ 2,696,465	\$ 807,635	43 percent
Leech	\$6,140,000	\$ 9,999,404	\$3,859,404	63 percent

Source: Thomas L. Anding report.

⁴Tax-Increment Financing is a state program that authorizes cities to freeze the tax capacity of a designated property in order to finance development costs that would otherwise have been paid by the developer (e.g., buying and clearing land or building construction). When improvements are made to that property, the increased tax collections do not go to the city, county or school district to pay for the cost of government as they normally would. Instead, the money is used to publicly subsidize the development until the bonds issued to make the improvements on the property are paid off. The duration of the bonds range from 8 to 25 years depending on the type of development.

Net Tax Capacity in Hincklev and Onamia

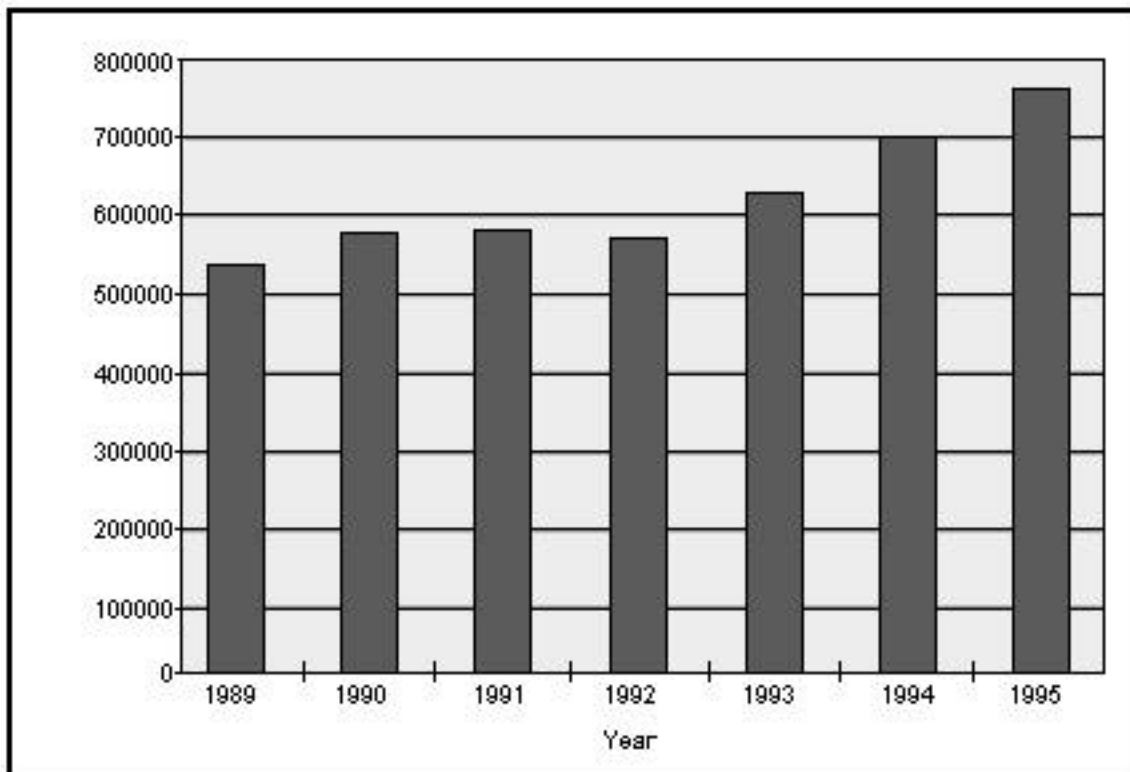
Because the counties in which the Grand Casinos are located are large and likely to be influenced by a variety of factors, it is also important to take a look at property tax capacities in the cities closest to the casinos.

Hinckley

Property tax capacity in Hinckley has grown rapidly since the development of the Grand Casino in 1992. Net tax capacity in 1992 in Hinckley was \$571,390. By 1995, net tax capacity had grown to an estimated \$761,043. This represents an increase of \$199,653, or 34.9 percent in 3 years. This dramatic rate of increase represents the impact not only of the casino itself, but also the other new businesses and housing developments that have been added to the community as a result of the casino.

The rate of net tax capacity increase in Hinckley is even more dramatic when compared to the years before the opening of the casino. Going back to 1989, net tax capacity in Hinckley was \$537,850. Between 1989 and 1992, the increase was only \$33,540, or 6.2 percent, for that 3-year period. See Figure One for a graphic illustration of the changes between 1989 - 1992 and 1992 - 1995.

Figure One
Net Tax Capacity in Hinckley
1989-1995

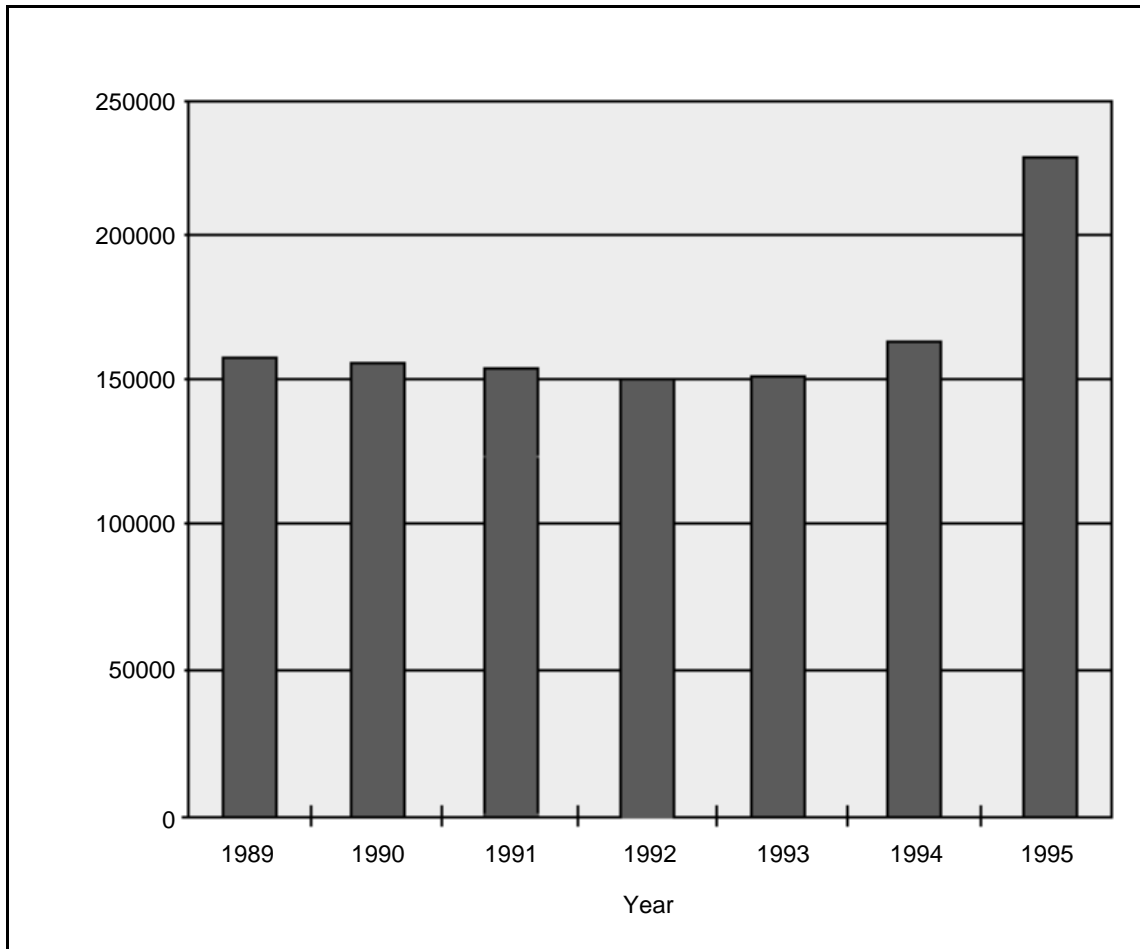


Source: City of Hinckley

Onamia

Property tax capacity has also grown in Onamia since the opening of the Mille Lacs Casino. In 1991, Onamia's net tax capacity was \$155,139. By 1995, it had increased to \$226,506, an increase of \$71,367, or 46 percent. For comparison purposes, the net tax capacity in 1989 was \$159,800, which was actually higher than in 1991, when the casino opened. See Figure Two.

Figure Two
Net Tax Capacity in Onamia
1989- 1995



Source: Mille Lacs County

The increase in net tax capacity in Onamia is entirely the result of new development in addition to the casino, since the entire casino complex is on trust lands.

II. New Business Development, Jobs, and Unemployment

**The traffic generated by the casinos
has spurred new business development
in the Mille Lacs and Hinckley areas.**

Background

When the casinos first opened at Mille Lacs and Hinckley, concerns were expressed that they would be in competition with established local businesses. This was particularly true for the hotels, motels, and restaurants after the casinos opened their own attractive new hotels and restaurants. Over time, however, it has been shown that the casinos have drawn enough new people to the areas to increase hotel and restaurant patronage for existing businesses in the Hinckley and Mille Lacs areas and to support the development of many new businesses.

In addition to tourist dollars, the businesses in Hinckley and around Mille Lacs have seen increased patronage from casino employees eating at restaurants and purchasing groceries and other goods and services from established main street businesses. Even the hospital in Onamia has expanded because more area residents now have health insurance. (All Mille Lacs full-time casino jobs provide health insurance.)

It is also important to note that the casinos draw large numbers of patrons throughout the year, increasing business activity that was once largely limited to the summer tourist season and weekends during the winter months.

Overall Increases in Jobs and Wages

By 1995, the Mille Lacs and Pine county areas had noted substantial increases in both jobs and average annual wages. Between 1990 and 1995, Mille Lacs County added 905 jobs, a 12.6 percent increase. Annual wages increased from \$15,881 in 1990 to \$18,106 in 1995, an increase of 14.0 percent. Both jobs and wages in Mille Lacs County increased more than the state as a whole between 1990 and 1995.

Average employment in Pine County more than doubled between 1990 and 1995, going from 4,924 jobs to 10,436, an increase of 112.0 percent. Average wages went from \$15,161 in 1990 to \$15,344 in 1995, an increase of 1.2 percent. The increase in total jobs was way above the state average, while the increase in wages was less than the statewide percentage.

During this same period, jobs in the state of Minnesota as a whole increased by 2.6 percent, and average wages went up 11.0 percent. See Table Four on page 13.

Table Four
Average Employment and Wages, 1990 - 1994

Location	Year	Average Employment	Average Wages
Mille Lacs	1990	7,201	\$15,881
County	1995	8,106	\$18,106
Pine	1990	4,924	\$15,161
County	1995	10,436	\$15,344
Minnesota	1990	2,061,505	\$23,131
	1995	2,115,628	\$25,673

Source: Minnesota Department of Economic Security.

Business Development in the Mille Lacs Area

At least 15 businesses have either opened, expanded, or re-opened since the opening of Grand Casino Mille Lacs. Included are 4 hotels/motels and resorts, 8 restaurants and fast food establishments, 2 gas stations and a go-kart track. Together, these businesses have added an estimated 142 jobs in the area. The businesses are listed in Table Five.

Table Five
New Businesses in the Mille Lacs Area since 1991

Name of Business	Estimated Number of Jobs Added	Location
Trophy's Restaurant	15	Onamia
Dairy Queen	10	Onamia
Subway re-opening	5	Onamia
Blue Goose re-opening	15	Garrison
Headquarters Restaurant	4	Garrison
Sodbuster's Restaurant	8	Onamia
Waterfront Restaurant	5	Onamia
McDonald's	15	Garrison
Econo Lodge	5	Onarnia
Lake Mille Lacs Resort	8	Onamia
Izaty's Resort addition	20	Onamia
Country Inn Suites	8	Garrison
Petro Plus re-opening	8	Onamia
Superamerica	15	Garrison
Go-Kart Track	1	Onamia
Total Employment	142	

Source: Community Development Corporation of the Mille Lacs Area

In addition to the 1,200 jobs offered by the casino, and the new jobs described above, the Onamia area has also seen growth in recent years in non-casino related manufacturing businesses that provide wood and metal products and tackle. Unlike many other areas in Greater Minnesota, Onamia is an area of full employment and frequent labor shortages.

Taken together, these new businesses, other already-existing businesses, and the casino have enhanced the Mille Lacs area as a destination for visitors and an employment center for the area.

Business Development in the Hinckley Area

While the City of Hinckley does not have a major tourist attraction comparable to Lake Mille Lacs, it sits in a strategic location along Interstate Highway 35 about midway between the Twin Cities and Duluth. Many travelers en route to Duluth and the North Shore of Lake Superior stop in Hinckley to stretch their legs, eat, and fill their gas tanks.

With the opening of Grand Casino Hinckley in 1992, the hospitality business in Hinckley was transformed from a rest stop for travelers to a tourist destination. In addition to the casino complex, with its 1,275 jobs, Hinckley has added 11 new businesses and expanded 4 more since 1992, adding 87 new jobs. As is the case in the Mille Lacs area, Hinckley is now a year round destination because of the casino. Also similar to the Mille Lacs situation, the main street businesses in Hinckley have seen increases in customer spending attributed primarily to casino employees living in the area. 273 casino employees live in Hinckley.

The new businesses that have opened in Hinckley since the opening of the casino are shown in Table Six, page 14-15.

**Table Six
New Businesses in the Hinckley Area since 1992**

Name of Business	Estimated Number of Jobs
Taco Bell	9
Subway	8
White Castle	14
Dairy Queen expansion	14
Cassidy's expansion	-
Days Inn expansion	9
Holiday Inn	14
Pawn Shop	1
Optometrist	1
Grand National Golf	4
Hinckley VTB	1

Taxi Service	1
Klar Sweeping	1
Heartland Realty expansion	4
Jensen's Backhoe expansion	6
Total Jobs	87

Source: City of Hinckley

Changes in Unemployment Rates

The opening of the casinos and the other new businesses they have generated has had a major impact on decreasing the unemployment rates in Mille Lacs and Pine counties. See Table Seven.

Table Seven
Unemployment Rates in 1990 and 1995

Location	Year	Labor Force	Employed	Unemployed
Mille Lacs	1990	8,901	8,265	7.1%
County	1995	9,760	9,287	4.8%
Pine	1990	9,104	8,193	10.0%
County	1995	12,102	11,589	4.2%
Minnesota	1990	2,383,000	2,268,000	4.8%
	1995	2,594,568	2,520,226	2.9%

Source: Minnesota Department of Economic Security.

Between 1990 and 1995, the unemployment rate declined by 40 percent throughout the State of Minnesota, from 4.8 percent to 2.9 percent. At the same time, the rate declined by 32 percent in Mille Lacs County and 58 percent in Pine County.

Labor shortages have been reported in Onamia. In fact, many of the Mille Lacs Casino employees live considerable distances from the Casino, which reports the residential locations for members of its staff shown in Table Eight on page 16.

Table Eight
Where Mille Lacs Casino Employees Live - 1996

City or Township	Number of Employees
Aitkin	137
Brainerd	200
Deerwood	54
Garrison	56
Hillman	57
Ironton	18
Isle	57
Milaca	22
Onamia	188
Pierz	41
Wahkon	25

Source: Grand Casino Mille Lacs, 1996.

The majority, 816, of the employees of Grand Casino Hinckley live in Pine County. Table Nine, below, shows the 4 cities with the highest numbers of casino employees.

Table Nine
Where Hinckley Casino Employees Live -1996

City or Township	Number of Employees
Hinckley	273
Mora	133
Pine City	130
Sandstone	129

Source: Grand Casino Hinckley, 1996.

III. New Housing Development

Housing demand has grown in the casino areas, and new housing starts are expected to increase.

Background

In 1990, the population of Onamia was 676. The 1994 population estimate was 788, an increase of 112. In Hinckley, the 1990 population was 946. The 1994 population estimate was 1,083, a gain of 137.5

The city of Onamia had 287 housing units, according to the 1990 Census. At the same time, Hinckley had 456 housing units. The 1994 estimate of housing units for Hinckley was 506 units. Based on building permits since 1990, Onamia had 322 housing units in 1995. Each of these cities had more jobs than housing units, even before the casinos opened. There were 492 jobs in Onamia in 1994, not counting the casino, while Hinckley had 554 non-casino jobs.

The opening of the Grand Casinos and Hotels quickly swelled the working populations in the Mille Lacs and Hinckley areas. The Mille Lacs Casino and Hotel added 1,200 new jobs, plus an additional 60 summer jobs. The Hinckley Casino, Hotel and adjacent facilities added 1,275 new jobs.

Clearly, not all of the casino employees could live in Onamia and Hinckley. In fact, 188 of the Mille Lacs Casino employees do live in Onamia, but the remaining employees are housed elsewhere. For the Hinckley Casino, 273 employees live in Hinckley. See Tables Eight and Nine. The Hinckley Casino reports that long commuting time can be a barrier to employment at the casino, and that it contributes to employee turnover.

New Housing Activity

Since the opening of the casinos' housing demand in their areas has increased dramatically. In **Onamia**, the Community Development Corporation has plans to develop 24 family rental units and a 15-unit building for older people. The Mille Lacs Casino is interested in locating a site for an apartment development. And, a new chapter of Habitat for Humanity has built one house on the Mille Lacs Reservation for an Indian family and is completing a second house in the Hinckley area, which will go to a non-Indian family. The program is ongoing, and there are plans to build additional houses. This is only the second chapter of Habitat for Humanity on an Indian reservation in the country.

The **Hinckley** Casino has indicated that there is a strong need for additional rental housing in the community.

⁵1994 population estimates from the Minnesota Planning Office of the State Demographer.

⁶ Information from the Community Profiles, Minnesota Department of Trade and Economic Development.

In Hinckley, a new manufactured housing park is being developed near the casino. The first phase of this development will be 37 units. The second phase could include 45 - 60 more units, as well as 16 single-family homes. Additional housing developments proposed in the city could add as many as 689 additional housing units over the next few years. In comparison, before the opening of the casino, Hinckley had just 45 building permits during the 7 years between 1985 and 1991.

The real estate market in Hinckley is also extremely active, particularly for mid-priced homes (\$40,000 to \$60,000), which sell very rapidly.

IV. Law Enforcement and Public Safety Needs

Many people feared that the opening of gambling casinos would lead to major increases in crime. This simply has not happened thus far.

Reported Crime and Public Safety Needs

With 2.5 million people visiting the Mille Lacs Casino during the past year, and 3 million visiting the Hinckley Casino, there were bound to be increases in crime and public safety needs. However, the numbers have not been large.

Mille Lacs Casino

In Mille Lacs County, the Sheriff's office reported 342 incidents at the casino in 1995 and 95 incidents through the end of April, 1996. An incident is a police call of any kind and can include ambulance calls, calls for assistance with locked cars in the parking lot, and traffic accidents, as well as calls for crimes. It should be noted that the Mille Lacs Casino serves no alcohol, which may well help to prevent law enforcement problems.

The casino has its own security force to handle problems within the casino, but violations of state and federal laws are turned over to the county or to the Mille Lacs Tribal Police Force for law enforcement services. Both the county and the Tribal Police can arrest offenders, but most jail and court services are provided by the county.

The Mille Lacs Casino is located on trust land and does not pay property taxes. While the Tribal Police provide a share of the law enforcement services, services are also provided by the county. No property taxes are paid to cover these costs, but the increased taxes paid by new businesses in the area help to make up for this. Also, the Tribal Police provide law enforcement services in some areas that also pay property taxes.

Police calls to the Mille Lacs casino are not broken down by type as they are for the Hinckley casino (see below). However, in an interview with the Mille Lacs County Sheriff, he stated that most of the calls to the Mille Lacs casino were not crime related.

Hinckley Casino

Like the Mille Lacs Casino, the Hinckley Casino has its own security force to handle problems within the casino. The Tribal Police Force does not serve the Hinckley Casino, except to assist occasionally with special events, so routine law enforcement and public safety needs are met by the Pine County Sheriff's Office.

Because there is no Tribal Police Force in Hinckley, the casino has contributed \$80,000 annually to the Pine County Sheriff's Office to help defray law enforcement and public safety costs, and they are currently re-negotiating the contract to continue these payments. The county has indicated that the \$80,000 figure is an adequate amount to cover their costs. The casino also contributed \$20,000 for a new ambulance in Hinckley.

The Pine County Sheriff's Office reported a total of 283 calls to the casino during 1995. Of these, 98 were ambulance requests, and 43 were automobile-related calls (traffic accidents, car fires, etc.). The remaining calls were for a variety of things, including fires and various criminal complaints. The Hinckley Casino does serve alcohol but has a 2drink maximum per guest.

V. Tourism

The Mille Lacs Casino attracts 2.5 million visitors per year, and the Hinckley Casino attracts 3 million. The only non-casino attraction in Minnesota that draws more visitors is the Mall of America.

Increases in Hotel Rooms,

Casinos draw people from throughout Minnesota and from other states and Canada as well. While many casino patrons just come for the day, a large number plan longer stays, as evidenced by increased demand for hotel rooms in the casino areas.

Grand Casino Mille Lacs has a 175-room hotel. The occupancy rate in 1995 was 81 percent. For 1996, occupancy has increased to 98 percent, and a 126-room addition to the hotel is planned. Additional hotel/resort facilities added in the area since the opening of the casino include the Econo Lodge, Lake Mille Lacs Resort Hotel, Country Inn Suites, and an addition to Izaty's Resort.

Grand Casino Hinckley has a 154-room hotel and is planning a new 300-room hotel and convention center to open in summer of 1997. A new Holiday Inn and expansion of the Days Inn have also been added since the opening of the casino.

Overall Impact on Tourism

The Mille Lacs Casino attracts 2.5 million visitors per year, and the Hinckley Casino draws 3 million. The only non-casino attraction in Minnesota that draws more visitors is the Mall of America. In 1992, 12 percent of Mille Lacs and Hinckley casino visitors were from other states.⁷ If this percentage remained unchanged, there would be 300,000 out of state visitors for the Mille Lacs Casino, and 360,000 for the Hinckley Casino. These are the visitors most likely to spend time and money at not just the casinos, but other attractions in the area as well.

The casinos cooperate with other tourist facilities in their areas on joint promotions designed to draw visitors to their areas. For example, the casinos provide casino coupons to nearby hotel guests. Both casinos operate shuttle buses that serve other attractions in their areas. Both casinos are also active in the local visitor and tourism bureaus, and both casinos donate a variety of prizes, including free buffets and hotel nights, to charitable organizations throughout the state.

The growth in tourism-related businesses in both the Mille Lacs and Hinckley areas suggests that the casinos have been successful in enhancing tourist activity in their areas.

⁷Minnesota Gambling, a report of Minnesota Planning, 1993.

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