



TFA Monthly Newsletter

May 2025

IN THE NEWS

Native American Calling: Medicaid, Medicare, health care, and food safety on the line

04/09/2025 – indianz.com

Caesars Southern Indiana Remains Open Despite Worker Strike

4/15/2025 – casino.org

Shoshone-Paiute Tribes acquire 557 acres for first casino project

04/17/2025 – tribalbusinessnews.com

Indigenous Players vie for the 2025 Stanley Cup

4/21/2025 – ictnews.org

Nebraska Online Sports Betting Referendum Not Advanced by Lawmakers

04/23/2025 – covers.com

Online sports betting bill is still in play at the Hawai'i Legislature

04/23/2025 – hawaiipublicradio.org

Bill to Make California Native American Day Paid Holiday Clears Second Committee

4/23/2025 – nativenewsonline.net

NAFOA Announces Recipients of the 18th Annual Leadership Awards

04/29/2025 – nafoa.org

Tariffs and Tribes... What's the Connection?

By Kristi Jackson

Just having returned from a trip overseas, the main question posed by locals once they understood we were Americans was – “what’s up with the tariffs?”. The recent wave of tariffs are a leading cause of uncertainty in the financial markets and are driving consumer confidence levels down rapidly. The tariffs came about quickly, seem to extend to most countries with which the US engages in trade, and importantly...are very difficult to navigate.

While there is much back and forth between the White House and various foreign governments regarding bilateral trade deals and tariff rates/timing, the baseline 10% tariff on all foreign imports appears to be sticking. The net effect of these tariffs – whether 10% or 250% - is to increase prices to the consumer of the product, with the consumer bearing most if not all of the increased cost due to the tariff.

On the surface, an initial thought is that the tariffs while broad-reaching won’t impact a Tribe too significantly if the bulk of purchasing and the base of customers is US

-centered. Tribal casinos, except for those located near the Canadian (think Lummi or St Regis Mohawk) or Mexican (think Texas casinos in Eagle Pass and El Paso areas) borders, serve nearly exclusively US customers... and they are service businesses.

Looking across a sampling of the clients with whom TFA does business, the expenses for a tribal casino operation are very heavily payroll-driven, averaging about 50% of total operating expenses. Therefore, we do not expect a significant direct impact on operating expenses because of tariffs.

While casino operating expenses are relatively insulated from tariffs – in which other areas are Tribes vulnerable? Below, we suggest a few ways tribes will likely be impacted by tariffs, some obvious, others a bit more indirect:

Higher capital input costs – Capital expenditures may be either directly sourced from international suppliers or may be comprised of foreign component parts and assembled within the United States. The Wall Street Journal recently noted that a typical

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US car has roughly 30,000 component parts. While the car itself may be "US made", a very large number of the components are not domestic. For Tribes with construction projects in the works, expect a higher cost structure or significant delays. According to the Sioux City Journal, construction costs on the War Horse Casino expansion have already risen \$6 million, causing costly delays in addition to a higher budget. Additionally, Churchill Downs CEO Bill Carstanjen announced a delay in several capital improvement projects, commenting "I expect we'll pause it for a year, wait for the macro stuff to settle down", as "we don't like having the additional variable of what this thing is going to cost to build."

Interest rates higher for longer – Tariffs put upward pressure on prices, which impact inflation and decrease the likelihood that Fed will decrease key interest rates anytime soon. Michael Feroli, chief

Congratulations to the Lone Band of Miwok Indians and the Colusa Indian Community Council on winning NAFOA Deal of the Year Awards!



TFA CAPITAL PARTNERS



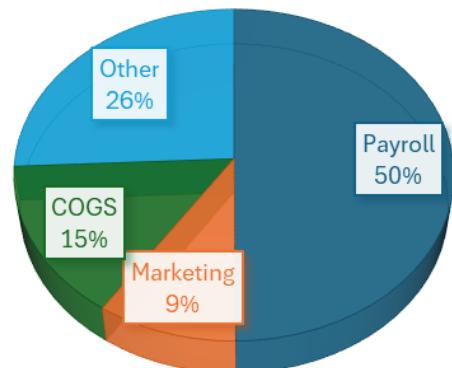
TFA served as the Exclusive Financial Advisor for both Lone and Colusa on each of these deals: [Click here for more information](#)

US economist at JP Morgan believes "we wouldn't look for a rate cut to happen until September." Our friends at Derivative Logic recently commented in their weekly newsletter – "Strap in, volatility isn't going anywhere and counting on swift Fed intervention is like waiting for rain in a desert: optimistic but improbable" (April 14, 2025).

Lower consumer confidence keeping a lid on growth – This may be the most troubling of all. Having consumers retrench and put spending on the sidelines impacts the economy broadly. The Budget Lab from Yale University explains "the price level from all 2025 tariffs rises by 2.3% in the short run, the equivalent of an average per household consumer loss of \$3,800" (April 15, 2025). This is the estimated decline in average real household disposable income – dollars that could otherwise be spent on discretionary (or necessary) items and services. Knowing this is the backdrop, businesses will tend to delay investment and hiring decisions until the situation reaches a new equilibrium.

Impacts from tariffs are far-reaching and seem to affect all levels of the economy. TFA is positioned to assist with the analysis of these impacts on tribal businesses and we always welcome questions and feedback.

AVERAGE CASINO OPERATING EXPENSE BREAKDOWN



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