



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

Social and Economic Impacts of Expanded Gambling in Massachusetts: 2018

Executive Summary

Report to the Massachusetts Gaming
Commission & the Massachusetts Department
of Public Health

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EXECUTIVE SUMMARY

Casino gambling was legalized in Massachusetts in 2011. To date, one slot parlor—Plainridge Park Casino—has opened in 2015 and two casinos are being built—MGM Springfield and Encore Boston Harbor—with tentative opening dates of August 2018 and June 2019 respectively. In 2013, a contract was awarded to the authors of the present report to investigate the impacts of these new facilities. This investigation is known as the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study, and it constitutes the most in-depth and comprehensive investigation of the impacts of introducing casino gambling ever undertaken.

Extensive primary and secondary data have been collected to inform these impacts. The present report is the first in a series of reports that will document changes in the social and economic landscape in Massachusetts that can potentially be attributed to the introduction of these new gambling venues. It is important to recognize that the impacts of casino gambling in Massachusetts in 2018 are likely not reflective of the impacts that will be seen in future years. This is because the only significant changes that have occurred to date are the construction impacts of building the three facilities as well as the opening of the Plainridge Park Casino (PPC) (the smallest of the three new venues) in June 2015. Indeed, other than the very clear revenue, employment, and spending of PPC, there is little evidence of marked socioeconomic changes to date in Massachusetts that can be attributed to gambling. However, the purpose of the present report is not just to report impacts to date, but also to a) provide comprehensive documentation of baseline social and economic indices; b) integrate findings from our various standalone social and economic reports in the last four years; c) crystallize the template for reporting future impacts; and d) identify gaps in our analyses to be addressed in future work.

Social and Health Impacts

As of mid-2018 (i.e., after the opening of Plainridge Park Casino and prior to the opening of MGM Springfield and Encore Boston Harbor), the evidence indicates the following:

- There has been no significant change in the prevalence of problem gambling or related indices (treatment seeking, bankruptcy, divorce/separation, suicides) at either a state level or in the PPC Host and Surrounding Communities (H&SC). In the case of the PPC H&SC this is likely due to the fairly high population level of casino gambling that existed prior to the introduction of the PPC that is related to the close proximity of Rhode Island and Connecticut casinos that have been in operation since the early 1990s.
- There has been no significant change in the overall amount of crime at a state level or in the PPC H&SC. However, there has been an increase in credit card fraud and reports of lost property, suspicious activity, and traffic complaints in the Town of Plainville that can likely be attributed to the PPC. These increases, in turn, are largely attributable to an increased volume of visitors to the area.
- There has been a significant change in both statewide and regional attitudes towards gambling that likely reflects greater satisfaction with the current gambling landscape. Both in the state and in the PPC H&SC a greater portion of people now report being satisfied with the availability of gambling. Similarly, at a statewide level, a smaller portion of people now express the opinion that all forms of gambling should be legal. An additional statewide change is that fewer people indicate the benefits of gambling are equal to the harms. In the PPC H&SC, there has been a decrease in the percentage of people who believe casinos will be beneficial to Massachusetts and an increase in the percentage of people with more neutral opinions about PPC (i.e., more people believing it will be neither beneficial or harmful).
- There has been no significant change in population health (health, happiness, stress, substance use, addictions) at either a statewide level or in the PPC H&SC that can be attributed to casino introduction. While there may be a slight increase in overall gambling participation and number of formats engaged in

within the state, overall intensity of gambling participation may have declined somewhat, and there has been no change in overall gambling involvement in the PPC H&SC.

- There has been no change in the broader population demographics at either a statewide level or in the PPC H&SC that can be attributed to casino introduction.
- There has been no change in traffic or noise at a statewide level attributable to casino introduction, but there has been an increase in traffic volume, traffic complaints, and noise complaints (during construction) in the Town of Plainville and an increase in traffic volume in the City of Everett.

Economic and Fiscal Impacts

As of mid-2018 (i.e., after the opening of Plainridge Park Casino and prior to the opening of MGM Springfield and Encore Boston Harbor), the evidence indicates the following:

- The building of all three casinos has had significant direct economic benefits. All three casino companies have spent a considerable amount of money within the state building these facilities and employing a large local workforce in the construction. This amounted to \$150.2 million for PPC, with nearly 87% of this being spent in the state and approximately 81% of the construction workforce being from Massachusetts.
- The operation of PPC is also creating significant economic benefits, as most of the \$176 - \$186 million annual revenue appears to represent new money from 'recaptured' Massachusetts casino patrons (i.e. Massachusetts residents who reported they would have gambled out-of-state if not for PPC) and out-of-state patrons. Furthermore, the large majority of this revenue stays in the state. Of the \$129.5 million in operational expenses (taxes, wages, supplies) in PPC's first year of operation, 87% was spent within Massachusetts. Also, slightly more than 500 people have ongoing employment at the casino, with approximately 71% being in-state employees. A significant portion of these are 'new' jobs as people taking the positions were either unemployed or working part-time prior to beginning work at the casino.
- At a statewide level there has been no impact on the total number of business establishments or other industry sectors (including gambling), with the exception of horse racing, where the Race Horse Development Fund (from taxes on casino revenue) has likely contributed to an increase in overall wagering amounts. At a regional level there is no strong evidence that the overall number of businesses has significantly changed as a direct result of the new casinos or that the construction and/or operation of these casinos has differentially impacted certain types of businesses. However, there has been some rejuvenation of racing at Plainridge Racecourse.
- There has been no impact on statewide wages or poverty rates. There has been a slight increase in wages and slight decrease in poverty rate in Plainville, but it is uncertain whether this is attributable to the casino. There is reason (and evidence) to believe that gambling is somewhat regressive (i.e., people with lower incomes paying proportionally more of their incomes), but no analysis has yet been conducted to determine whether expanded casino gambling has increased or decreased this tendency.
- There is no evidence of a statewide impact on real estate property values, residential building permits, or rental costs. Similarly, at a regional level it is unlikely that PPC has impacted property values or rental costs.
- Government impacts from casino gambling have not been extensively analyzed. However, it is clear that some regulatory costs are incurred at a state level that are offset by revenue from casino business taxes and licensing fees. At a regional level there are some financial costs in the community hosting the casino due to strain on infrastructure and local government services as well as the fact that the local populace will disproportionately contribute to casino revenue. However, this is offset by revenue from Host and Surrounding Community agreements with the casino, casino property taxes, and Local Aid from the state government from taxes on casino gross gaming revenue.