



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

Encore Boston Harbor, First Three and a Half Years of Operation: Economic Impacts Report

Prepared by the UMass Donahue Institute's
Economic & Public Policy Research Group

November 2023

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Acknowledgements

Financial support for the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study comes from the Massachusetts Gaming Commission. This multi-year project was competitively bid and awarded to the University of Massachusetts Amherst in April 2013. In June 2019, the Massachusetts Gaming Commission issued a subsequent Request for Response (BD-19-1068-1700-1-40973) for Research Services and the University of Massachusetts Amherst was awarded the contract effective January 2020.

We would like to thank Mark Vander Linden, Director of Research and Responsible Gaming, whose leadership and research insights have contributed to our work. We would also like to thank Bonnie Andrews, Crystal Beauchemin, and Joe Delaney at the Massachusetts Gaming Commission for helping us to acquire data critical to this report. Finally, we would like to express gratitude to Lisa McKenney at Plainridge Park Casino, Juliana Catanzariti and Jacqui Krum at Encore Boston Harbor, and Daniel Miller at MGM Springfield for providing us with the data necessary to complete this project.

SUGGESTED CITATION:

Breest, K., Aron, E., McKenzie, R., Peake, T., Talagan, B. (2023). *Encore Boston Harbor, First Three and a Half Years of Operation: Economic Impacts Report, 2022*. Hadley, MA: University of Massachusetts Donahue Institute, Economic and Public Policy Research Group.

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Executive Summary

Through the establishment of the casino industry in Massachusetts, lawmakers provided avenues for the creation of new jobs, revenue, and economic growth in the state. The Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study, of which the Economic and Public Policy Research unit at the University of Massachusetts Donahue Institute (UMDI) is a part, strives to understand the impact of the casinos on the people and economy of the Commonwealth.

The purpose of this Operating Report is to estimate the economic impact of the Encore Boston Harbor casino (EBH) on the Massachusetts economy during its first three and a half years of operation (June 2019-December 2022). To estimate the economic impacts, the UMass Donahue Institute's Economics and Public Policy Research unit (UMDI) includes two key sources of economic impact: casino operations (spending on vendors, employees and government entities) and patron spending (within the casino, as well as in Everett and the surrounding region). These data help us to understand the impacts of Encore Boston Harbor's continued operation. To conduct the analysis, UMDI obtained operator data collected by the Massachusetts Gaming Commission. These include employment, payroll, and purchasing data obtained directly from the casino. We also obtained revenue data from the Massachusetts Gaming Commission and data on patron spending from a survey of casino patrons conducted by the SEIGMA team. From there, UMDI employed the PI⁺ model from Amherst, MA-based Regional Economic Models Inc. (REMI) to measure direct and spin-off effects in the Massachusetts economy.¹

Employment

An analysis of payroll data found Encore Boston Harbor employed an average of 4,118 workers in 2019. That number fell in 2020 and 2021 as the casino's operations were disrupted by the COVID-19 pandemic but recovered over late 2021 and 2022. Despite facing a shutdown followed by operating restrictions for over a year, Encore Boston Harbor was able to retain many of its workers over the course of the pandemic.

Spending

UMDI analyzed data on spending by Encore Boston Harbor to outside entities, primarily private-sector vendors supplying goods and services to the casino. Over the course of the study period, Encore Boston Harbor paid \$290 million to outside entities, approximately half (52.7%) of which were Massachusetts-based firms. Most of Encore Boston Harbor's in-state vendor spending went to firms in industries such as wholesale trade, transit and ground transportation, laundry services, and construction, offering products and services where proximity to the casino is important. After falling from 2019 to 2020, vendor spending has increased in each subsequent year.

Government Revenues

State and local government entities collected \$538.6 million in tax revenue from the casino's operations. State tax revenues from the casino were heavily affected by the COVID-19 pandemic but reached a new high in 2022 at \$197.4 million. As with other casinos, these funds continue to be distributed to various state funds, including local aid, via a formula set by the Commonwealth.

¹ This study looks at the impacts generated by a single casino operation. The SEIGMA project's integrative report, due in June of 2024, will discuss social impacts.

Patrons

Based on our survey of casino patrons and available data from Encore Boston Harbor and the Massachusetts Gaming Commission, we estimate that over the nearly four-year study period, casino patrons spent almost \$3.8 billion at the casino and off-site during their visit. This includes spending on gambling and non-gambling activities at the casino, as well as non-gaming expenditures made off-site during their visit. Of those funds, we estimate 77 percent to have originated from patrons that reported they would not have spent their money in-state without the casino (this represents recaptured and new spending). Casino patrons spent an estimated \$330.1 million at Massachusetts businesses outside of Encore Boston Harbor in the course of their trip. Despite the economic benefits of recaptured and new spending, \$818.9 million in patron expenditures were reallocated away from other businesses in Massachusetts and towards the casino.

Total Combined Impacts

Although Encore Boston Harbor has been open since the summer of 2019, 2022 was its first full year of operation without any shutdowns or restrictions related to the COVID-19 pandemic. At times in the report, we focus on 2022 for this reason. In 2022, the \$1.1 billion dollars spent in and around Encore Boston Harbor by casino patrons supported an average of 3,282 positions at the casino, paying \$206 million in compensation, and created demand for \$85.4 million of intermediate goods and services purchased from vendors by Encore Boston Harbor. The casino also paid \$197.4 million in payments to government entities, although on net, consumers shifted \$167.6 million in spending away from other goods and services and towards the casino. These findings served as inputs which we used to inform our economic impact model, which estimates the secondary and tertiary 'spin off' effects of an economic event. In addition to the 3,282 jobs directly supported by the casino, new spending from vendors, government entities, and new employees, along with shifts in spending from casino patrons led to another 6,635 jobs on net, for a total of 9,917 jobs supported by the casino. The majority of those jobs are located in the Metro Boston region. Encore Boston Harbor also supported \$1.1 billion in new personal income and \$1.7 billion in new output (sales) within the Massachusetts economy, of which \$1.3 billion was value added (i.e., net new economic activity or gross state product).²

² This estimate is based on the REMI PI+ model's estimates of value added. For more information on output and value added in the context of economic modeling, see Appendix 5. The Concepts of Output and Value-Added in the full report.