

Study: Massachusetts could gain 20K jobs under casino plan

Boston – A new study by Spectrum Gaming Group study provides an in-depth analysis of possible economic and social impacts of the proposed expansion of gambling in Massachusetts.

“I believe that this analysis will prove valuable for future policy deliberations if and when the issue of expanded gaming in Massachusetts re-emerges,” Daniel O’Connell, the state’s secretary of housing and economic development, said in a statement accompanying the report’s release.

Topics considered include employment, wages and gaming regulation. O’Connell was directed to seek such an independent analysis after Gov. Deval L. Patrick that the commonwealth authorize the development of up to three destination resort casinos.

“Three destination casinos in Massachusetts could generate between USD 1.23 billion and USD 1.78 billion in annual gross gaming revenue in their first year of stabilized operations,” the study authors write in their executive summary. “The likely projection is USD 1.5 billion in annual gaming revenue.”

During their development phase, Spectrum found, each casino “would create an estimated 3,000 direct construction jobs.”

When they opened, “the casinos would each create an average of 4,377 direct jobs. Every direct job in the casino industry would yield approximately 0.5 jobs elsewhere in the local economy,” bringing the total statewide impact to 20,000 new jobs statewide.

Total compensation for those workers, including benefits, would amount to an estimated USD 468 million per year, the summary said, adding: "With benefits, the average compensation level for casino workers in Massachusetts would be USD 35,641. Without benefits, the average is USD 27,417."

In addition, "Conventions and meetings at a destination casino would generate at least USD 7.2 million in annual spending at other area businesses, and also would create annual demand for more than 26,000 room nights at other lodging facilities," the authors wrote, adding: "The potential for substitution away from existing entertainment, bars, restaurants, hotels and other businesses can be addressed through effective public policy."

The negative or positive effect on other businesses would be felt most keenly by those "within relatively short distance of the casinos," Spectrum noted.

"Without knowing where the three Massachusetts casinos would be located, we cannot project the specific local impacts," the analysts said. Proposed sites include the waterfront in New Bedford, a site favored by 58 percent of respondents statewide in a poll this April by the University of Massachusetts–Dartmouth Center for Policy Analysis.

Meanwhile, the research group said, "The agencies regulating Massachusetts casinos would have a projected combined annual budget of about USD 16.1 million, with most of that funding coming from the gaming operators."

Problems cited by the study include:

- Gambling addiction and its social and economic effects, which the researchers said "are significantly more difficult to objectively analyze and estimate." The casinos "should have primary responsibility to develop comprehensive 'responsible gaming' policies to address this issue," Spectrum added.

- Higher expenses for local law-enforcement agencies. “For instance, a significant increase in driving under the influence (DUI) arrests should be expected,” the report said.
- Uncertainty about whether one or more of the state’s Native American tribes might develop its own casino would “be perceived by capital markets and commercial operators as a heightened risk. ... This would result in less capital being invested, which would lead to fewer jobs, less gaming revenue and less overall benefit to the Commonwealth,” Spectrum said.

The company therefore recommends that “any Indian casino should, ideally, be one of the three state-issued commercial licenses.”

“Our core recommendation is to develop a robust bidding process designed to ensure that all applicants develop financial, marketing and other plans that fully operate in the public interest,” the Spectrum analysts wrote.

“To that end, all applicants must develop comprehensive plans that address a variety of concerns and policies.” Besides problem gambling, the report cites work-force training; promoting meetings and conventions, to increase overnight stays; developing cross-marketing plans with other businesses; and protecting the state lottery.

The study was conducted by Spectrum on a USD 189,000 state contract, awarded in February after a competitive bidding process.