
POLITICS

Twin River team heads to RI State House to pitch table games

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By News staff

PROVIDENCE, R.I. -- The operators of the Twin River slot parlor are headed to the State House Wednesday to make their case for a voter referendum on their bid to turn the former greyhound racetrack into a full-scale casino with blackjack and other table games currently banned in Rhode Island.

They are coming with promises of a total 650 new jobs at both at the gaming hall and in the businesses that feed it, including 378 at Twin River alone; \$62.5 million in direct and indirect "economic activity" and an enthusiastic letter of endorsement from the secretary-treasurer of the 7,500-member Teamsters Local 251.

"Nothing is as important to me, my fellow leaders of Local 251, and in fact, our entire membership than securing and keeping good paying jobs in Rhode Island," Local 251 secretary-treasurer and executive officer Joseph J. Bairos wrote House Finance Committee Chairman Helio Melo, D-East Providence.

"We must expand this incredible asset, Twin River, not only to survive against competition in neighboring states, but to thrive in our endeavor to bring on line more union jobs and salaries," including "spin off jobs," Bairos wrote.

Open round-the-clock now, Twin River is currently home to about 4,750 electronic gambling machines - including "virtual" Blackjack - that were placed there by the state Lottery under terms where the state keeps roughly 61 cents out of every dollar a gambler leaves behind in one of the Video-Lottery terminals (also known as VLTs) that represent the third largest source of state revenue.

On Wednesday, Twin River will suggest how much less it believes the state should keep from the initial 65 competing, and more labor-intensive table games it wants to bring into its sprawling gambling hall in Lincoln.

This and other unanswered questions were among the reasons that former Governor Carcieri vetoed a House and Senate-passed bill to place Twin River's bid to become a full casino on the November 2012 ballot.

Then as now, Twin River's owners - and owners to be - stressed the potential threat to Rhode Island's third largest source of state revenue should Massachusetts compete for the region's gambling dollars with casinos and slots at its own tracks, which Bay State lawmakers are once again actively considering.

In his own May 25 letter to the legislative committee that will conduct Wednesday's hearing, John Taylor, chairman of the Twin River Board of Directors said: "The threats are significant and could be devastating. Over half of our customers today come from Massachusetts. Many strongly believe that casinos in Massachusetts are a question of when not if. And, we as a business need to be able to react and prepare for the fight ahead."

Twin River's consultant at The Innovation Group used these assumptions in analyzing the financial implications: that there would be no limit on the number of table games Twin River could offer, that they would be "competitive" with those available at the Connecticut casinos, that Twin River would "build out facilities to accommodate table games, including additional amenities," and that Twin River would pay the state an "effective tax rate of 12 percent of gross table game revenue."

This would effectively reduce Rhode Island's share of the projected revenue down to 53.68 percent which, according to the consultant, would still be higher than the effective gaming tax rates in 11 other states, including Connecticut, New Jersey and Nevada.

The consultant's reasoning: "table games account for 20 percent of casino floor, but require 3.7 times more labor to operate...Table game rate must reflect this fact to be successful."

He also assumed a shuffling of the mix to 65 table games initially, and then a potential 100 to 125 table games, with 3,000

or so video-slots.

Consultant Steve Rittvo's projection: that Twin River's gross revenue would increase from an assumed \$449 million in Fiscal Year 2013 with slots only, to \$568.5 million with table games, with state and local taxes growing that year by a projected \$22.5 million, compared to a potential 27 percent loss if Massachusetts jumps into casino gambling, and Twin River is unable to compete.

Asked ahead of the hearing how much gambling money might migrate from the video-slots paying the state 61 cents out of every dollar to the table games paying 12 cents, spokeswoman Patti Doyle said: "The industry generally sees an uptick in VLT revenue when table games are added, mostly because the wider gaming options allow family members, friends to satisfy both sets of interests under one roof."

As it stands, "we see ourselves as a convenience casino," Taylor told the House Finance Committee in his letter. "People come to spend a few hours with us because we are close by."

"We don't have the product mix, tax rate or amenities to compete as a full blown destination," but "what we do have is a great location and the ability to interact with our players in a way that our competitors can't...We employ about 900 people. In the current calendar year, we will pay about \$270 million to the state in gaming taxes and another \$5.5 million to the Town of Lincoln.

"When you factor in all of the taxes that we pay, government receives benefit of close to \$290 million from the property. We are currently the third largest source of revenues to the state of Rhode Island," Taylor wrote.



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