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Economy

Mass. Senate eyes gambling jackpot in casino bill; State would receive quarter of all revenues

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BOSTON — Massachusetts could expect an annual revenue jackpot of up to \$460 million by licensing three resort-style casinos in each of three regions of the state, according to an economic report released by the state senate Friday.

The report estimates that the casinos would generate up to \$1.8 billion in total annual gambling revenues each year while adding 12,000 full-time jobs to the state's battered economy.

Under the Senate version of the bill also released Friday, the state would receive a quarter of those revenues — between \$360 million and \$460 million each year — in exchange for allowing the casinos to locate in Massachusetts.

In a major change from an earlier version of the Senate bill, one of the three casinos would no longer be guaranteed for an Indian tribe.

Senate leaders had hope to avoid conflicts by setting aside one of the three casinos for one of the state's two federally recognized tribes.

That proposal almost immediately sparked a contest between the two tribes, the Mashpee Wampanoags and the Aquinnah Wampanoags, both of which proposed building a casino in Fall River.

Sen. Stanley Rosenberg, D-Amherst, who helped write the bill, said the bill would instead put all three of the casinos through a competitive bidding process.

The overall goal of the bill, he said, is to lure back Massachusetts gamblers used to traveling outside the state.

"We want to bring our players home," he said. "We want to compete with those tourism dollars."

Under the Senate bill, casino operators hoping to locate in eastern and southeastern Massachusetts would have to commit to spending at least \$600 million in capital construction costs. If they are awarded a license, they'd have pay a one-time \$75 million fee.

For the proposed western Massachusetts casino, anyone bidding on the license would have to pledge at least \$400 million in capital construction costs and pay a one time \$50 million fee if they are awarded the license.

If there is more than one eligible casino proposal in a single region, the state would hold an auction before awarding a license.

The licenses would have to be renewed every 10 years, but with a much smaller fee.

Unlike a bill approved earlier this year by House lawmakers, the Senate bill would not allow slot machines at racetracks.

Rosenberg said the Senate wanted to invest in resort casinos that will appeal not just to local gamblers but to tourists from outside the state who would be drawn in by hotels and entertainment venues included in the casino developments.

The jobs and revenue report was completed by The Innovation Group, which bills itself as the "premier provider of consulting and management services for the gaming, entertainment and hospitality industries."

The report doesn't try to quantify the social costs associated with casinos, but recommends that a small percentage of gaming revenues be set aside to offset community costs and "potential negative social impacts."

Critics have faulted the push for casinos, saying the state has yet to conduct an independent cost and benefit analysis, but instead has only focused on the potential revenues.

Kathleen Conley Norbut, president of United to Stop Slots in Massachusetts, faulted the Senate for releasing both the bill and the economic study on a Friday afternoon. She said the study was simply intended to justify the push for casinos.

"To prop up their rushed process, Senate leadership released a benefits-only study," she said in a written statement. "This study omits, among other things, the significant costs to regions around casinos, the expanded bureaucracy needed to regulate casinos, law enforcement, courts, corrections and social services."

The bill creates new categories of crimes, including a state money laundering charge, and authorizes the State Police to create a casino gambling investigations unit.

A portion of revenues under the Senate bill would be dedicated to help problem gamblers.

Rosenberg said the Senate choose The Innovation Group in part because they don't have any direct ties to any of the casino proposals being floated in Massachusetts. He said the Senate didn't ask for social cost estimates because those are tied too closely to other factors, including where a casino is located.

The Senate paid \$80,000 for the report.

The Senate is scheduled to debate the bill next week. Gov. Deval Patrick supports casino gambling and said he prefers destination casinos over racetrack slots.

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