

Massachusetts Makes a Call on its First New Casino - Corporate Intelligence

Written by Administrator

Thursday, 27 February 2014 22:46 -



Retired auto worker Charlie Cook plays a slot machine at Detroit's Greektown Casino. Fabrizio Costantini for The Wall Street Journal

Massachusetts regulators on Thursday picked a harness racing track near the Rhode Island border as the location for the first casino approved under a 2011 Massachusetts gambling law, which [could ultimately yield four casinos around the state](#) .

After days of presentations and public deliberations, three of five members on the Massachusetts Gaming Commission chose a \$225 million project from [Penn National Gaming Inc.](#)

in Plainville, Mass. Penn National will move forward with an option it previously secured to buy the existing Plainridge Racecourse there from the current owners, Ourway Realty LLC.

Thursday's decision was a prelude to a much bigger event coming in May or June, when the commission expects to decide between two large hotel-and-casino projects proposed just outside Boston. One, at \$1.6 billion, is planned by [Wynn Resorts Ltd.](#) It is competing against a [\\$1.3 billion project from Mohegan Sun](#)

that won a crucial public vote in the host city, Revere, Mass., on Tuesday.

A decision is also expected this spring for western Massachusetts, where MGM Resorts International is the lone remaining applicant, after voters shot down two nearby proposals. The process has been moving more slowly in southeast Massachusetts because of potential for a competing Native American casino there.

The project in Plainville will include 1,250 slot, video poker and video blackjack machines, and could be fully up and running in a permanent facility by the second quarter of 2015. The license award is preliminary ahead of an expected final vote Friday, and subject to certain licensing requirements that Penn National lawyers were reviewing late Thursday, but “I don’t anticipate there to be any show stoppers here,” company Chief Executive Tim Wilmott said in an interview.

Two of the five Massachusetts commissioners favored a competing project in Leominster, Mass., but concern about the possibility of losing the state’s only harness racing track—which some felt couldn’t survive without a casino on site, even though the state will use some gambling revenue to support horse racing—seemed to weigh in Penn National’s favor.

“I see an edge to the Plainville application,” said Gayle Cameron, one of the commissioners, during Thursday’s public meeting.

The state’s gambling law calls for up to three resort-style casinos and the single slots venue now headed to Plainville. That project also beat out a third proposal for a slots casino at a former greyhound track in Raynham, Mass, which didn’t garner much commission support.

The Massachusetts developments are under close scrutiny in Rhode Island, which depends heavily on revenue from a large casino just outside Providence, and where the state has projected cross-border competition will significantly contribute to budget deficits in coming years, especially if casinos are nearby. Penn National’s Plainville site is only about 12 miles from the Twin River casino in Lincoln, R.I., the closest among the three Massachusetts slots applicants, making Thursday’s vote a worst-case-scenario for Rhode Island.

Rhode Island voters approved table games like blackjack at Twin River in late 2012 in hopes of warding off competition from the looming Massachusetts casinos.

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John Taylor, Twin River's chairman, noted the new Penn National site will not have table games, and that his casino has successfully competed for years against two of the world's largest casinos in neighboring Connecticut.

The Rhode Island casino, owned by a group of investors, believes a Plainville casino could have about a 10% negative impact on the business, Mr. Taylor said in an interview. The casino expects gamblers will try the new Massachusetts location, "but after they try we hope that they come back here," he said.

Twin River brought in \$511 million in total revenue last year, excluding promotional credits on slot machines, Mr. Taylor said.

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