

Should Massachusetts allow another casino? - Editorials

Written by Administrator
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A big new casino in New Bedford or Brockton might sound like an economic boon to those communities. But the state Gaming Commission, which will soon begin considering applications for the third and final Massachusetts casino, has to put the whole state's interests first. If the gambling market can't be counted on to support that many resort casinos in the Commonwealth — and do so under the current tax rates and regulatory requirements — then the commission shouldn't award another license.

It's a possibility that commissioners themselves [raised recently](#) , [much to the chagrin](#) of casino backers in Southeastern Massachusetts, the region designated for the third license. After an outcry, the commission has [allowed the applicants to proceed](#) — for now. But the regulators have a responsibility to make sure that Massachusetts doesn't end up like Atlantic City, where the casino market grew oversaturated, leading to economic disruption.

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Why would private investors want to build a casino in the first place if the market can't support it? The track record in other states, unfortunately, doesn't support counting on the industry to self-regulate. Casino operators know that once thousands of constituents have jobs at a casino, politicians will feel pressure to preserve them — even at the expense of the tax revenues that were the reason for allowing casinos in the first place. For instance, three casinos went into operation in the tiny state of Delaware; now that they're struggling, they've gone to the legislature for [a bailout](#) .

The best way to avoid that outcome in Massachusetts is to ask tough questions about the market potential for the [casino proposal at the Brockton Fairgrounds](#) , which is the furthest along of the three, and the nascent casino plans in New Bedford and Somerset. "It's time for us to do a new market analysis" of the region, commissioner Gayle Cameron said in March, and she's right. Before finalizing another license, regulators ought to stress-test the plans against a worst-case scenario: What if New Hampshire legalizes casinos, Rhode Island and Connecticut increase the size of their gambling industries, online gambling becomes legal and widespread, and casinos lose popularity the same way other once-popular forms of gambling like horse racing have? Would it still be plausible to build a \$500 million resort casino in Southeastern Massachusetts — the minimum amount of investment required under state law? While the odds of a Mashpee Wampanoag casino opening in Taunton now appear slimmer than ever, how would a tribal casino affect a third state-licensed casino?

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Proponents of a Southeastern Massachusetts casino ask why, if the state can't sustain three casinos, their region should go without. Why not take away the Greater Boston or Springfield license instead? But the casino law, which voters upheld in a referendum last year, is supposed to maximize economic returns for the state. Greater Boston and Springfield are bigger markets than New Bedford. And New Bedford, along with everywhere else in Massachusetts, would benefit when the state collects more in tax revenues from the casinos, but would take a hit if the state had to give up some of those revenues to prop up a failing venture.

The commission has the authority to withhold a license entirely. The fact that the casino developers in New Bedford have had trouble lining up equity is a danger sign that its prospects are marginal, considering the nearby competition and the high expectations for investment embedded in the Massachusetts gambling law. But even if they manage to line up investors, that isn't in itself a guarantee that a plan is commercially feasible. Developers at all three groups must be able to convince the commissioners that their casino plans are workable under the current legal framework before the commission picks one.

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