

Casino concerns mount in Mass.

Written by Administrator

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Recent developments in the region's casino industry are worth noting, since the success of Massachusetts' casinos correlates with extra cash in state coffers. There is plenty of reason for concern. First, the state's first and thus far only casino, the Plainridge Park slots-only casino in Plainville, reported the third straight month of declining revenues. Although the casino brought in \$12.9 million in gross gambling revenues in October, compared with September's \$12.6 million, it represents a 1 percent decline because October has one more day than September. The good news is that the decline is slight, after double-digit declines the previous two months. But the bad news is that casino revenues for its first year are now projected to be \$176 million, down from the state's prediction of \$200 million (seen as conservative estimate at the time). Because the casino pays a 49 percent tax on its revenue to the state, that translates to about \$11.5 million less in taxes it expected to collect in the casino's first year of operation, if the projections hold, according to The Boston Globe. Certainly, no one expected Plainridge to keep up the brisk pace the casino experienced in its first month of operation, as slots players flocked to Massachusetts' only game in state; but its daily revenue per machine has plummeted from \$389 in July to \$277 in October. University of Texas Professor Clyde W. Barrow, an expert on the New England casino market, told the Globe that Plainridge can compete with a \$280-per-machine daily haul, but that would mean \$153 million in annual revenue, or 23 percent less than what the state thought it would take in. And revenues at the slots-only casino will only decline when the state's first two resort casinos -- MGM in Springfield and Wynn in Everett -- open as expected in 2018. Meanwhile, New England's first casinos, the well-established Foxwoods and Mohegan Sun resorts in Connecticut, aren't standing pat with the Bay State's bet on casinos. They are joining forces in a bid to locate a third Connecticut casino closer to the Massachusetts border, to limit an expected hit in their own revenues. On Wednesday, MGM detailed proposed changes to its \$950 million Springfield casino project, including replacing a planned 25-story hotel tower with a six-story hotel and reducing the overall size of the resort by 14 percent. MGM is blaming rising construction costs, but we wonder whether the Foxwoods-Mohegan partnership has anything to do it. We can hope that the economy continues to improve, boosting discretionary spending and thus casino revenues, and that all of this intense competition will make the casinos give its patrons a better gamble. But as many bettors will tell you, the odds don't give a damn about hope.

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