



# MASSACHUSETTS GAMING COMMISSION

Introducing the successful and ethical development of  
expanded gaming to the Commonwealth

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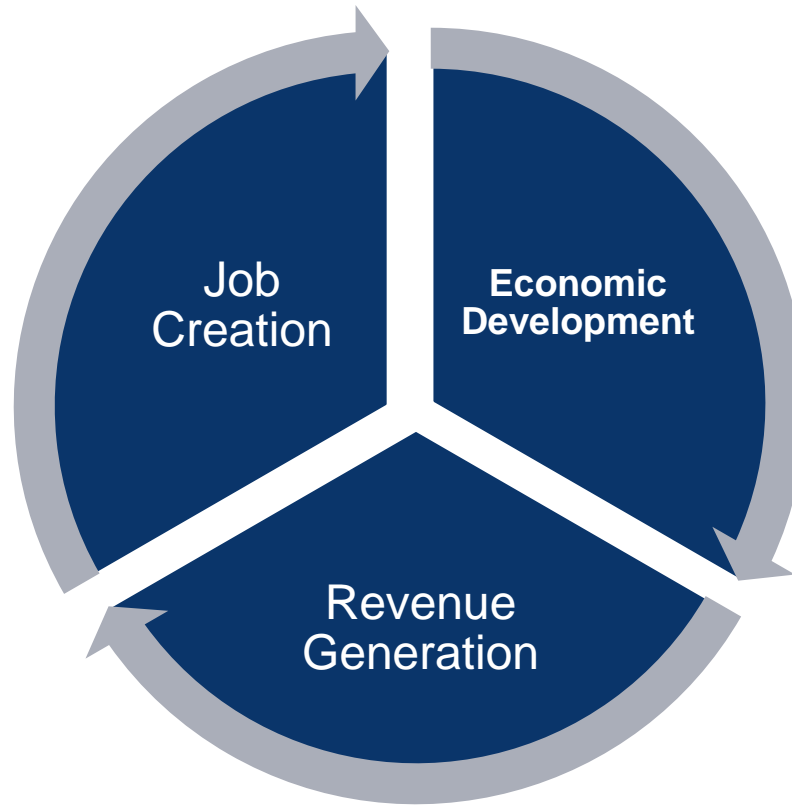


# AN ACT ESTABLISHING EXPANDED GAMING

On November 22, 2011, Governor Deval Patrick signed Chapter 194  
“An Act Establishing Expanded Gaming in the Commonwealth”



# BENEFITS OF THE EXPANDED GAMING ACT



# PRINCIPLES OF THE GAMING ACT

- Transparent and competitive bidding of licenses
- Maximum long-term value to the Commonwealth
- Expansion of economic development benefits across regions of the state
- Protecting host and surrounding communities by addressing all social impacts and costs
- Ensuring rigorous public safety, regulatory and enforcement mechanisms will be the best in the country



# THE MASSACHUSETTS GAMING COMMISSION

The Gaming Act created an independent body responsible for overseeing and implementing the licensing process.

The Commission consists of:

- 5 full time commissioners
- Chair appointed by Governor
- One appointed by Attorney General
- One appointed by State Treasurer
- Remaining two appointed by all three appointing authorities (GOV, AG, TRE)



# MEET THE COMMISSIONERS

## **Steve Crosby, Chairman**

- Founding Dean of McCormack Graduate School of Policy and Global Studies at UMass Boston
- Appointed by Governor

## **James McHugh, Secretary**

- Former Associate Justice of the Appeals Court
- Appointed by Attorney General

## **Enrique Zuniga, Treasurer**

- Former Executive Director at Mass Water Pollution Abatement Trust
- Appointed by State Treasurer for experience in corporate finance and securities

## **Gayle Cameron**

- Retired as a Deputy Superintendent (second highest rank) with the New Jersey State Police
- Appointed by all three appointing authorities for experience in gaming

## **Bruce Stebbins**

- Previously served as business Development Administrator for the city of Springfield
- Appointed by all three appointing authorities



# OUR MISSION: FAIR, TRANSPARENT & PARTICIPATORY

## MISSION STATEMENT

The mission of the Massachusetts Gaming Commission is to create a fair, transparent, and participatory process for implementing the expanded gaming law passed by the Legislature and signed by the Governor in November, 2011. In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.





# OUR CORE VALUES

- ★ **WE VALUE** an unyielding commitment to a participatory, transparent and fair process for the licensing of expanded gaming in Massachusetts.
- ★ **WE VALUE** an environment with a free-flowing and open exchange of ideas in which all are encouraged to question and participate, with the understanding that all will use their best efforts to implement the resulting decisions.
- ★ **WE VALUE** an uncompromising commitment to the integrity of the licensing and regulatory process, and strict adherence to the letter and spirit of our Enhanced Code of Ethics, with a thoughtful balance between the need for rigorous regulation and the burden of compliance.
- ★ **WE VALUE** a diverse workforce and supplier base, and an inclusive culture internally and among our partners in the Massachusetts Gaming Industry.
- ★ **WE VALUE** a deep commitment to customer service that assures a respectful and professional experience for all with whom we come in contact, no matter their point of entry or point of view.





# LEGISLATION DETAILS: THREE REGIONS



- Allows for 3 destination resort casinos in 3 geographically-diverse locations (no more than 1 in each region)
- Allows for one slots parlor statewide (not restricted to regions)

## **A – EAST:**

Suffolk, Middlesex, Essex, Norfolk, Worcester

## **B – WEST:**

Hampshire, Hampden, Franklin, Berkshire

## **C – SOUTHEAST:**

Bristol, Plymouth, Nantucket, Dukes, Barnstable



# LEGISLATION DETAILS: LICENSING AND FEES

## Type I License (Resort-Casinos)

- Initial license period of **15 years**
- **\$ 85 million** initial license fee
- **\$ 500 million** minimum investment
- Taxed at **25%** of gross gaming revenues

## Type II License (Slots-Parlor)

- Initial license period of **5 years**
- **\$25 million** initial license fee
- **\$125 million** minimum investment
- Taxed at **40%** of gross gaming revenue
- Another 9% of gross gaming revenue is credited to the Racehorse Development Fund

## Additional fees include

- Application fee of not less than **\$400,000**
  - Not less than **\$50,000** to cover host and surrounding community impact studies and negotiating mitigation agreements
- Community impact fees for host and surrounding communities
  - Must be in agreements between applicants and communities
- Annual slot machine license fee of \$600 per machine
  - Funds Commission's ongoing operations
- Annual fee of not less than \$5,000,000 to provide programs to deal with compulsive gambling and other addictions



# LEGISLATION DETAILS: FLOW OF FUNDS

Revenues derived from gaming are allocated by law to:

- Local Aid Stabilization Fund
- Manufacturing Fund
- Community College Fund
- Mass Cultural Council
- Gaming Economic Development
- Mass Tourism Fund
- Local Capital Projects Fund
- Debt Reduction
- Health Care Payment Reform Fund
- Community Mitigation Fund
- Public Health Trust Fund
- Race Horse Development Fund
- Gaming Local Aid Fund
- Transportation Infrastructure and Development Fund



# LEGISLATION DETAILS: APPLICATION PROCESS

## Two Part Application Process: Phase 1 & Phase 2

### Phase 1 Application

- Determines an applicant's suitability in matters related to finance and integrity

### Phase 2 Application

- Final application must contain, among other things:
- Host and surrounding community agreement defining all responsibilities between the community and the applicant
- Certification that applicant will comply with "state and local building codes and ordinances and bylaws"
- Certification that the agreement has received a binding vote in the host community or in the host ward of the three largest cities

### Public Hearings

### Commission Decides



# EXTENSIVE PHASE ONE BACKGROUND CHECKS

Background Investigations for resort-casino applications in Regions A&B, as well as slots-parlor applications, are complete.

Each applicant for a gaming license, as well as their qualifiers, have undergone these extensive background investigations to ensure they meet the high standards for **good character, honesty, integrity** and **financial suitability**.

Region C applicants and their qualifiers will be subject to the same level of scrutiny.

Multiple investigative teams execute the substantial background investigations. The teams include MA state troopers, gaming experts from the consulting firms, Spectrum Gaming and Michael & Carroll and former FBI agents, prosecutors as well as accountants.

Investigators have experience in corruption, organized criminal enterprise and racketeering as well as corporate due diligence and gaming industry backgrounds for the largest gaming entities in the industry.

The due diligence for applicants covers regulatory history in other jurisdictions, financial stability, compliance plan and history, and recent litigation, among other areas. The Commission has reviewed over **21,000** pages of documents on qualifiers.



# PHASE TWO SCHEDULE (CATEGORY 1, RESORT-CASINO, REGION A)

October –  
December  
2013

Commission  
issued  
suitability  
decisions

October 2013  
– June 2014

Applicant  
executed  
host,  
surrounding  
community  
agreements

December 31  
2013

Phase 2  
(final)  
application  
submitted to  
the  
Commission

September  
2014

Commission  
awarded  
license for  
resort-casino



**SUCCESS!** MassGaming awarded the Region A resort-casino license in September 2014 to Wynn Resorts for a resort-casino to be constructed in Everett.



# PHASE TWO SCHEDULE (CATEGORY 1, RESORT-CASINO, REGION B)

July –  
December  
2014

Commission  
issued  
suitability  
decisions

August 2013  
– May 2014

Applicant  
executed  
host,  
surrounding  
community  
agreements

December 31  
2013

Phase 2  
(final)  
application  
submitted to  
the  
Commission

June  
2014

Commission  
awarded  
license for  
first resort-  
casino



**SUCCESS!** MassGaming awarded the first Category 1 (resort-casino) license in June 2014 to MGM Resorts for a resort-casino to be constructed in Springfield.

# PHASE TWO SCHEDULE (CATEGORY 2, SLOTS-PARLOR)

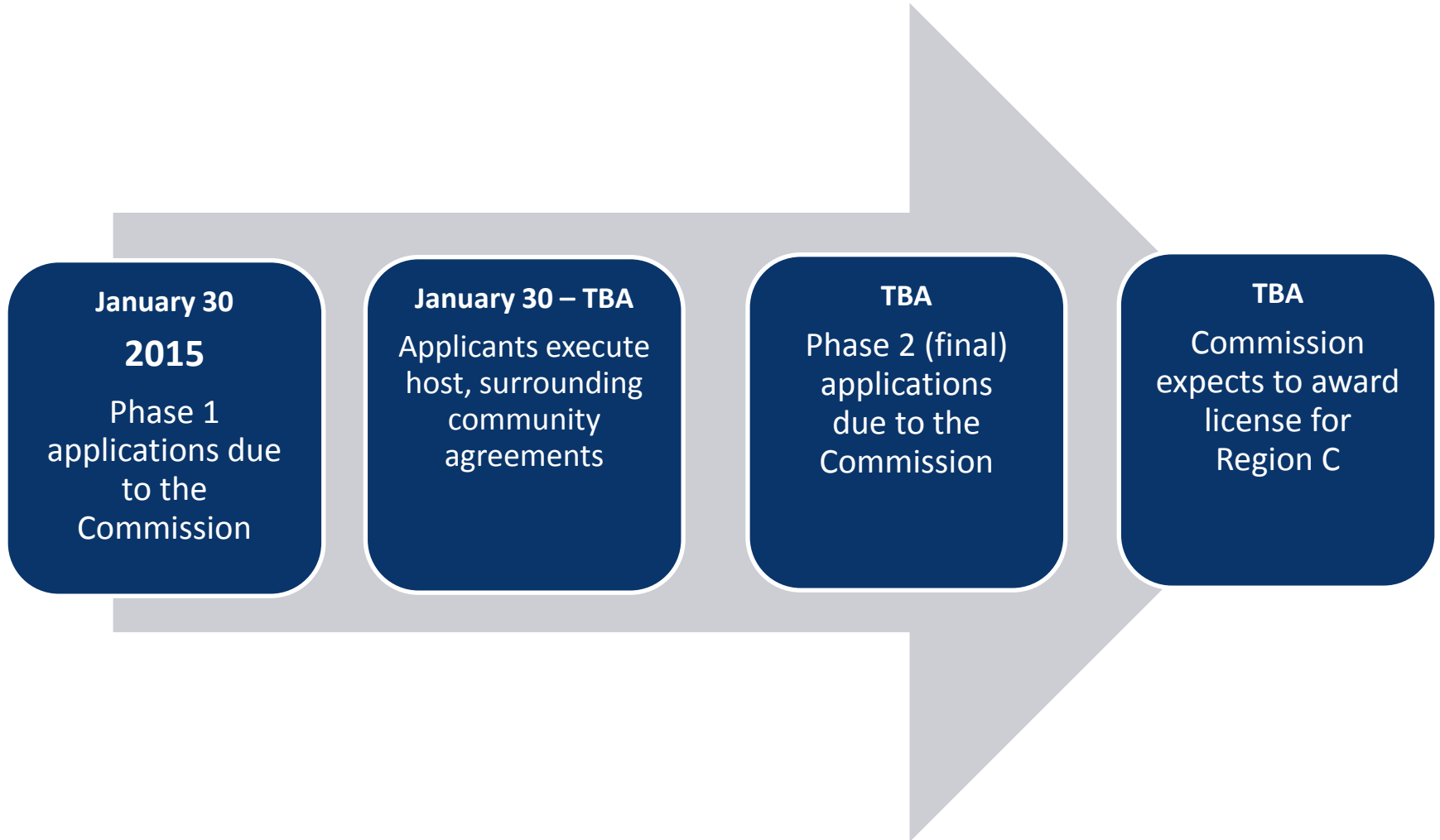
<b>July – October 2013</b> Commission issued suitability decisions	<b>August – October 2013</b> Applicants executed host, surrounding community agreements	<b>October 4 2013</b> Phase 2 (final) applications submitted to the Commission	<b>February 2014</b> Commission awarded license for slots-parlor
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**SUCCESS!** MassGaming awarded the Category 2 (slots-parlor) license in February 2014 to Penn National Gaming for a slots-parlor to be constructed in Plainville.

Penn National Gaming hopes to open the Plainridge Park Casino by mid-2015.

# PHASE TWO SCHEDULE (CATEGORY 1 RESORT-CASINO, REGION C)



# LEGISLATION DETAILS: EVALUATION CRITERIA

License criteria include:

- **Maximize** economic development
- **Promote** local small businesses and the tourism industry
- **Maximize** job generation while protecting existing jobs
- **Maximize** capital investment
- **Promote** diversity in the workforce and among suppliers
- **Coordination** with regional and economic development plans
- **Mitigate** compulsive gambling and other negative consequences in host and surrounding communities

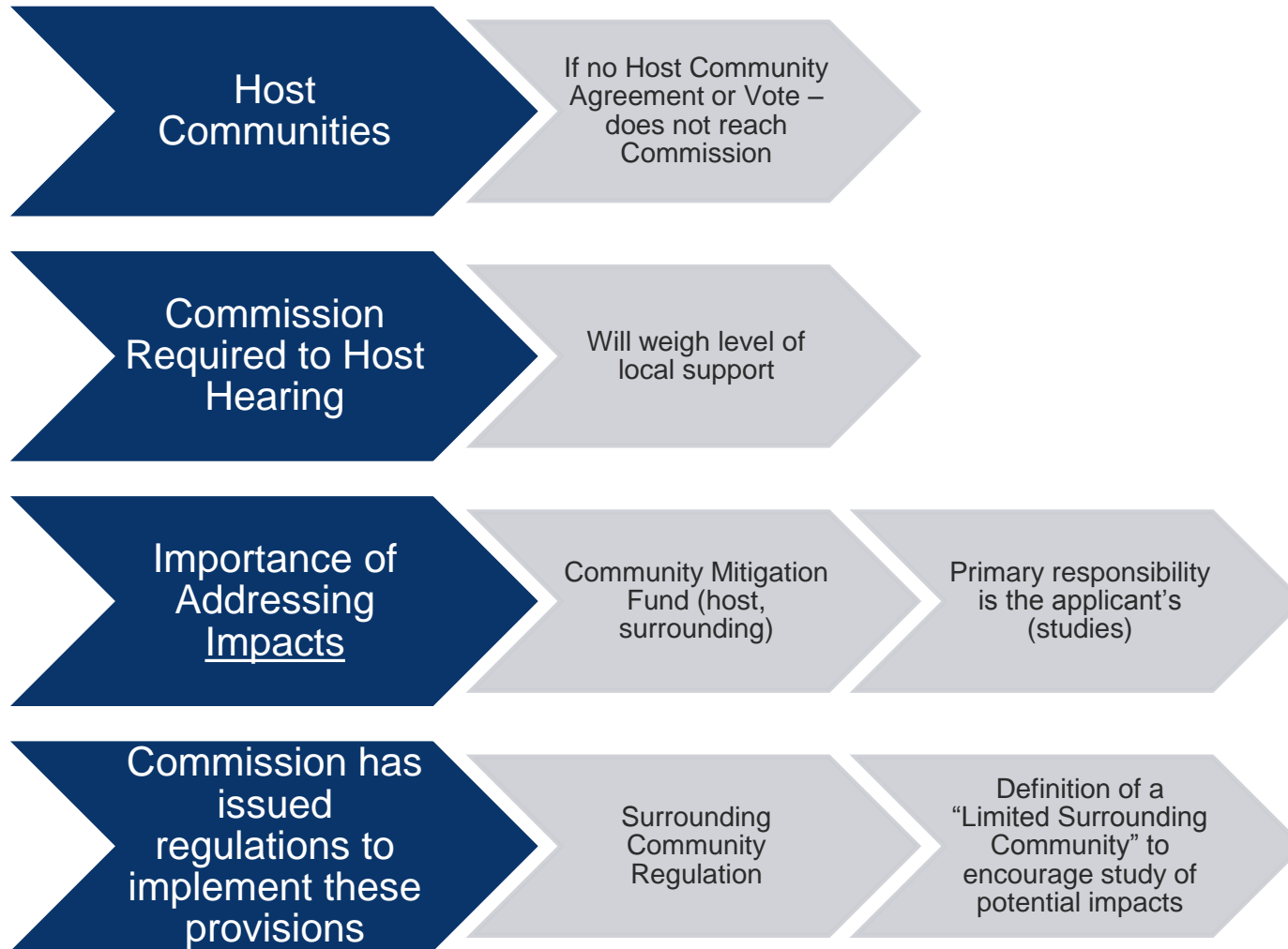
# LEGISLATION DETAILS: SURROUNDING COMMUNITIES

## Consequences of the determination include:

- **Funds** for impact studies and negotiating agreements - paid by developer
- **Inclusion** in the application of a signed agreement with a developer
- **Right to receive** notice of a hearing on the application and to participate in that hearing
- **Consideration required** by Commission when awarding casino license
- **Right to apply** for benefits from the Community Mitigation Fund
- **Right to participate** on various statutory committees



# LOCAL INVOLVEMENT





# LEGISLATION DETAILS: HOST & SURROUNDING COMMUNITIES

A **Host Community** is where the casino will be located.

A **Surrounding Community** can be determined the following ways:

- The applicant designates the community in the Phase 2 application and the community assents to the designation in writing;
- The applicant and the community execute a surrounding community agreement that is submitted as part of the Phase 2 application; or
- The community petitions the Commission for designation as a surrounding community no later than 10 days after the Phase 2 application is submitted. The statute provides that a surrounding community agreement must be executed within 30 days of the designation as a surrounding community by the Commission.



# LEGISLATION DETAILS: SURROUNDING COMMUNITIES

## What happens when an applicant and a Surrounding Community are unable to reach an agreement?

The Gaming Act states that the Commission has the authority to determine surrounding community status (after the Phase 2 application)

- Defined as “municipalities *in proximity to* a host community which the Commission determines will experience or are likely to experience impacts from the development or operation of a gaming establishment”
- In making the determination, the Commission must consider “the detailed plan of construction submitted by the applicant, information received from the public and factors which shall include, but not be limited to, population, infrastructure and distance from the gaming establishment and political boundaries”



# LEGISLATION DETAILS: SURROUNDING COMMUNITIES

- The Legislature rejected amendments stating that communities with a shared border to a host community would be automatically designated as surrounding communities.
- The Legislature also rejected amendments stating that communities within a specified number of miles (2 miles, 3 miles) would be automatically designated as surrounding communities.



# SURROUNDING COMMUNITIES DEFINITION REGULATION

The regulation describes the types of impacts that could result in a determination of surrounding community status, including:

- **Shared border**, proximity to a host community, and proximity to a potential gaming facility are factors in the determination
- **Impacts on transportation** infrastructure, including but not limited to significant increased volume of trips on local streets, changes of level of service at intersections, and impacts on state and federal roadways
- **Construction period impacts** such as noise, environmental impacts, and construction vehicle impacts
- **Operation period impacts** such as potential public safety impacts, regional water and sewer impacts, impacts on retail, entertainment, and service establishments, and increased social service needs

*The regulation is not limited to evaluating the listed impacts.*

*The regulation is outlined in 205 C.M.R. 125.01*



# PHASE 2 REGULATIONS: APPLICANTS REQUIRED TO NEGOTIATE

Once a community is designated a surrounding community, the statute requires negotiation between applicants and communities for at most 30 days.



After 30 days, the Commission is required to have “protocols and procedures for ensuring the conclusion of a negotiation of a fair and reasonable agreement.”



The Commission has proposed draft protocols and procedures in its regulations, including mandatory best and final arbitration.



# FUNDING FOR REVIEWS

## **\$50,000 of the Applicant's \$400,000 application fee is reserved for host and surrounding communities.**

- If an Applicant agrees to provide more than \$50,000 to a community or more than one community, the Applicant is required to provide the additional funds to the Commission.
- The signatures of both the community receiving assistance and the applicant are required in the application for funding.

## **Additional methods of providing technical assistance have been proposed by the Commission.**

- In the event the Commission orders an applicant to negotiate with a surrounding community after the submission of RFA-2, the Commission has the statutory authority to order the applicant to pay for technical assistance.
- The Commission has proposed a system of involuntary disbursements under which potential surrounding communities could petition the Commission to require applicants to pay for technical studies.
- The Commission has adopted a draft plan creating an optional service for communities and applicants under which Regional Planning Agencies would provide assistance prior to the RFA-2 application.





# REGIONAL PLANNING AGENCY TECHNICAL ASSISTANCE

## Regional Planning Agency Technical Services for Communities and Applicants

- On March 14, 2013, the Commission voted unanimously to adopt a proposal to develop a partnership with Regional Planning Agencies (RPAs) to provide technical and advisory services to potential surrounding communities.
- This service is voluntary for applicants and potential surrounding communities.
- The Commission is currently working with applicants to determine which applicants will participate and what RPA services will be utilized in each region.
- After which, more information will be provided to communities to enable them to determine whether or how they will participate.

## Tasks:

**Convener.** The RPAs will organize up to two regional informational forums of municipal officials per region, followed by a series of meetings of a task force for each proposed gaming facility.

**Technical Assistance.** The RPAs, with the potential assistance of consultants on key tasks, will undertake review of the potential development impacts on surrounding communities in a gaming facility's region, as well as mitigation options, related to each potential gaming facility.

**Agreements.** The RPAs will facilitate discussion related to language for the agreement(s) between the proponent and potential surrounding communities, with the assistance of outside legal counsel, if necessary.



# STATE AGENCY ADVICE

## **State Permitting will not be completed before award of licenses.**

- The MGC has established an agency advisory program for use by communities prior to execution of host and surrounding community agreements.
- The goal of this program is to inform communities (e.g. through a meeting with a community) about the agencies' preliminary thoughts about infrastructure plans and potential permitting obstacles that gaming facilities may face.
- Communities wishing to utilize this program prior to the execution of a host or surrounding community agreement are urged to contact the Commission's Ombudsman to make arrangements.



# INVOLUNTARY DISBURSEMENTS

- If an applicant refuses to provide funding to a community for technical assistance, a community may petition the Commission for funding under the Commission's draft regulations.
- Communities will need to demonstrate a likelihood of being designated as a surrounding community and the need for such funding.
- Petitions may be filed 30 days after the host community agreement is executed.
- The Commission has proposed a rule helping communities in the event of a host community agreement that is executed close to the application deadline.
- In such event, petitions can be filed 90 days prior to the application deadline, without regard to when a host community agreement is executed. More detail is found in a recent MassGaming blog post at [MassGaming.com](http://MassGaming.com)



# COMMUNITY MITIGATION FUND

**Community Mitigation Fund:** created by the Legislature to address impacts after a gaming facility is operational.

- **6.5%** of the revenue from Category 1 Licensees is distributed to the Community Mitigation Fund.
- In addition, **10%** of the gaming licensing fees, with the exception of initial licensing fees, is also placed in the Community Mitigation Fund.
- Funds to be expended “to assist the host community and surrounding communities in off-setting costs related to construction and operation of a gaming establishment including,” water/sewer, education, transportation, infrastructure, housing, environmental issues and public safety.
- The Commission awards funds after review of requests prior to **February 1** of each year.
- A Community Mitigation SubCommittee and Local Community Mitigation Committees, including members from host and surrounding communities, will advise the Commission.



# MGC RECEIVED 11 PRE-QUALIFYING APPLICATIONS FOR SLOTS-PARLOR, RESORT-CASINO IN REGIONS A&B

- MGM Springfield
- Penn National Gaming
- Hard Rock MA
- Mohegan Sun
- Wynn MA, LLC
- Sterling Suffolk Racecourse
- Crossroads Massachusetts, LLC
- Plainridge Racecourse
- Raynham Park
- Mass Gaming & Entertainment, LLC
- PPE Casino Resorts

Status of all applicants available at [MassGaming.com](http://MassGaming.com)



# MGC COMMUNITY ENGAGEMENT

- Weekly open meetings offered via Live Stream on MASSGAMING.COM
- Statewide hearings
- Speakers Bureau
- New website



MGC is dedicated to an open, transparent and participatory process



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