

Lottery Revenue and Plainridge Park Casino: Two Years of Casino Operation

Dr. Mark W. Nichols
University of Nevada, Reno
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Overview and Context

- Focus on impact of Plainridge Park Casino (PPC)
- Results presented by:
 - fiscal year data (2003-2016).
 - bi-weekly agent-level sales (year 1 and 2 relative to year prior to opening).
- Analyze sales statewide, in host and surrounding communities, varying distances from casino, and patron origination cities and regions.

Overview of Key Findings

- No large, significant decline in lottery revenue can be attributed to Plainridge Park Casino.
- Lottery sales in Plainville increased ~25% in first year and remained at that level in year 2.

Overview of Key Findings

- Sales in surrounding communities grow more slowly in year 1 and declined in year 2.
- Same is true for agents within 15 minute drive.
- Agents 16-30 minute drive grew more rapidly in year 1 and year 2.
- Over the two-year period, average bi-weekly sales for agents in Plainville and the surrounding communities combined are essentially unchanged compared to year prior to opening.

Lottery Size and Relevance

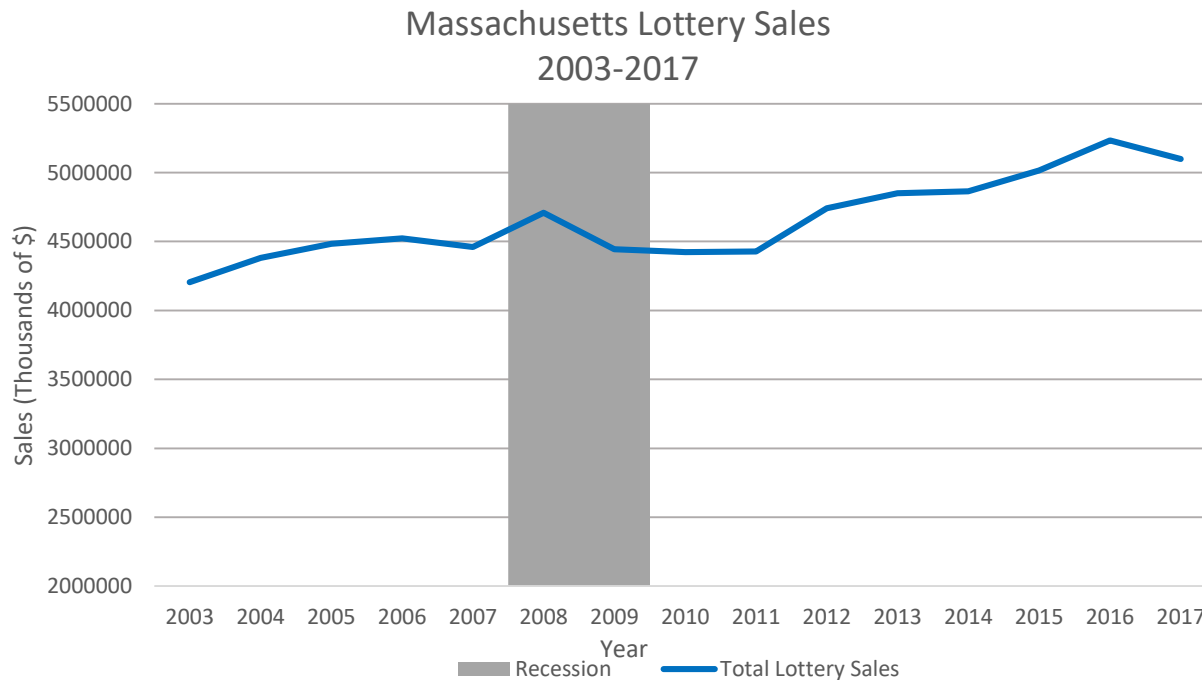
- MA lottery is the largest in country for per capita sales (\$767 in 2016).
- MA pays out 73 cents per dollar; US average is 63 cents.
- Until 2012 (2013), MA lottery revenue exceeded Florida (California).

Lottery Size and Relevance

- Direct Aid from Lottery to casino host communities in FY 17:
 - Plainville: \$729,447 (16.6% of total state aid)
 - Everett: \$6,642,634 (8.8% of total state aid)
 - Springfield: \$36,399,631 (9.7% of total state aid)
- Sales decreased in FY 17, but total profit increased and equaled a record \$1.039 billion.
- Sales in FY 16 were record high to date.

Massachusetts Lottery Trends

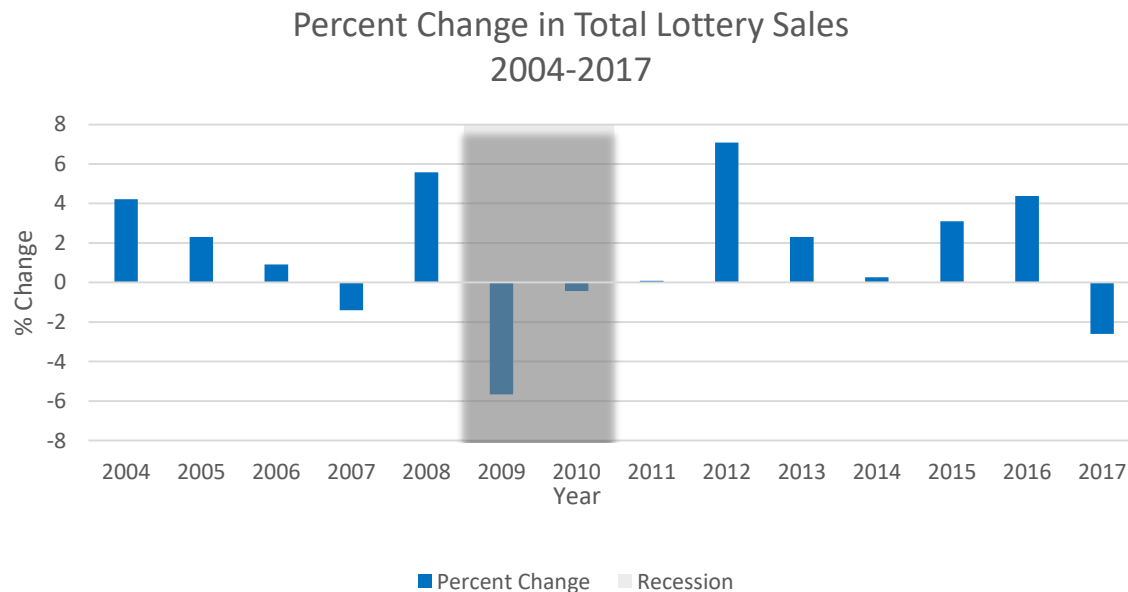
- Average annual growth rate 2003-2017: 1.38%. Not adjusted for inflation.



Nominal Dollars, FY 2003-2017. Source: MA Lottery

Percent Change: Statewide Sales

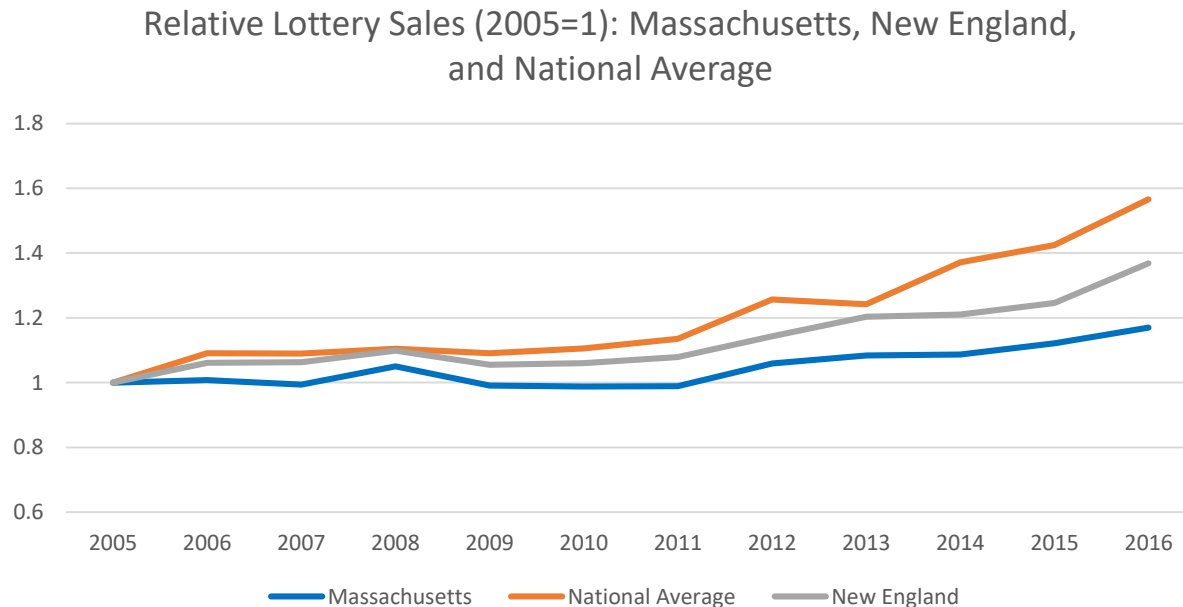
- Lottery revenue is volatile year-to-year. Increased 4.3% in FY 16; decreased 2.6% in FY 17.



Percent Change in Nominal Dollars. Source: MA Lottery

Massachusetts Lottery Trends vs US and New England

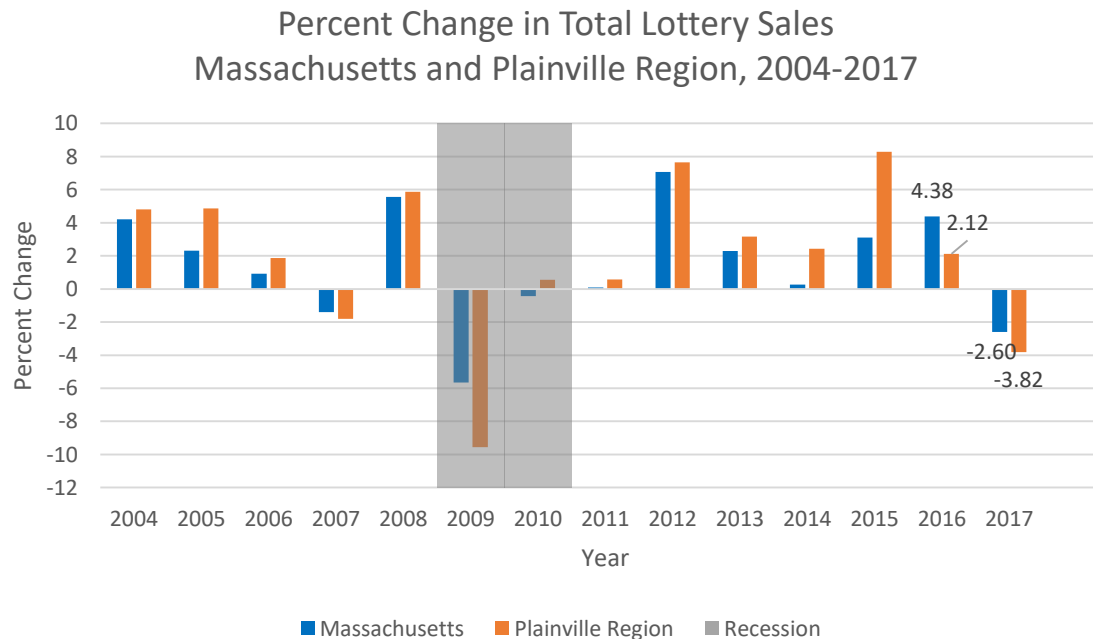
- Lottery sales growth in MA below US and New England since 2005.



Nominal Dollars, FY 2003-2017. Source: MA Lottery

Plainville and Surrounding Communities

- FY Sales in Plainville and surrounding communities grew less (FY 16) or decreased more (FY 17).



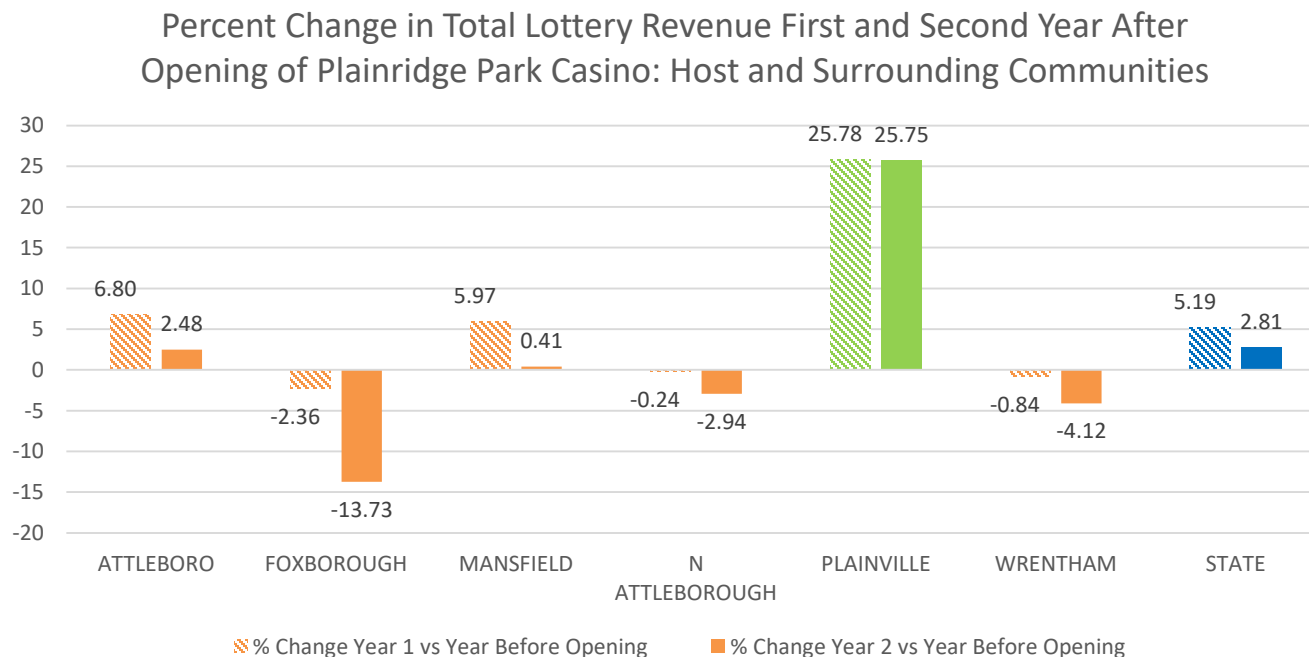
Nominal Dollars, FY 2003-2017. Source: MA Lottery

Weekly Lottery Outlet Data

- MA Lottery providing weekly sales data by agent.
- Unique opportunity to analyze lottery sales by community, driving time, mileage from casino, game, and multiple time periods.
- More accurate pre/post time period than fiscal year.

Change in Plainville and Surrounding Communities (vs year before opening)

- Sales in Plainville increase in year 1 and stay at that level. Surrounding communities mixed (y1), less than state avg. (y2).



Pre and Post PPC Lottery Sales: Plainville and Surrounding Community

- Sales growth in surrounding communities has been below state average

Total Lottery Sales in Surrounding Communities vs Rest of Massachusetts: Pre and Post PPC				
		<i>Year Prior to PPC</i>	<i>1 Year After PPC</i>	<i>2 Years After PPC</i>
Surrounding Communities	Sales (\$)	\$ 90,941,442	\$ 94,218,696	\$ 89,515,317
	% Change from Year Prior to PPC		3.60%	-1.57%
State	Sales (\$)	\$5,020,973,872	\$5,281,590,259	\$5,161,857,754
	% Change from Year Prior to PPC		5.19%	2.81%

Pre and Post PPC Lottery Sales: Plainville and Surrounding Community

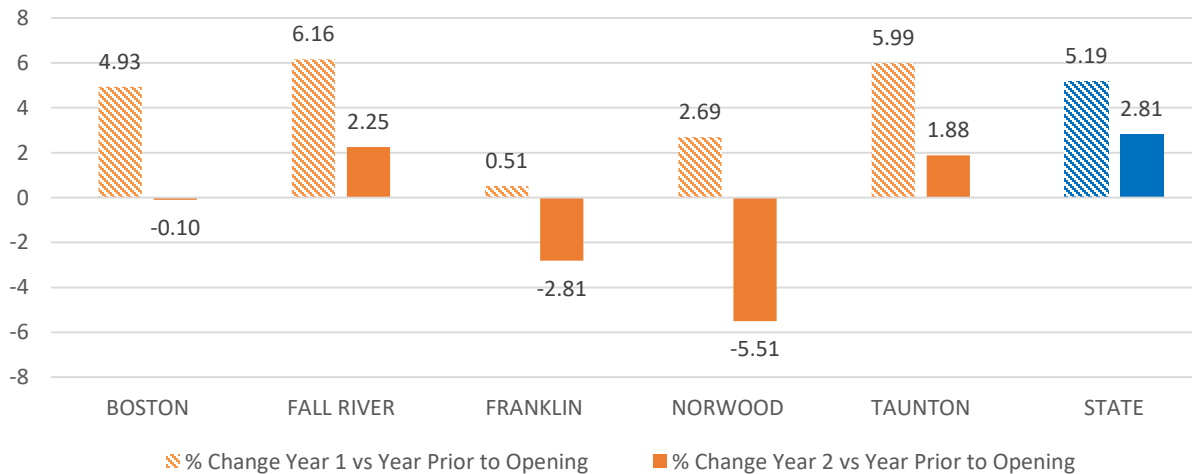
- Year 1 sales in Plainville and surrounding communities slightly above state avg. Year 2 unchanged.

Total Lottery Sales in Plainville and Surrounding Communities vs Rest of Massachusetts: Pre and Post PPC				
		<i>Year Prior to PPC</i>	<i>1 Year After PPC</i>	<i>2 Years After PPC</i>
Plainville + Surrounding Communities	Sales (\$)	\$ 99,374,101	\$ 104,825,013	\$ 100,119,390
	% Change from Year Prior to PPC		5.48%	0.74%
State	Sales (\$)	\$5,020,973,872	\$5,281,590,259	\$5,161,857,754
	% Change from Year Prior to PPC		5.19%	2.81%

Change in Sales for Select Cities

- Cities with most visitors according to patron survey (excluding Plainville and surrounding). Sales growth in year 2 below state avg. Mixed in year 1.

Percent Change in Total Lottery Revenue First and Second Year After Opening of Plainridge Park Casino Compared to Year Prior to Opening: Patron Origination Cities



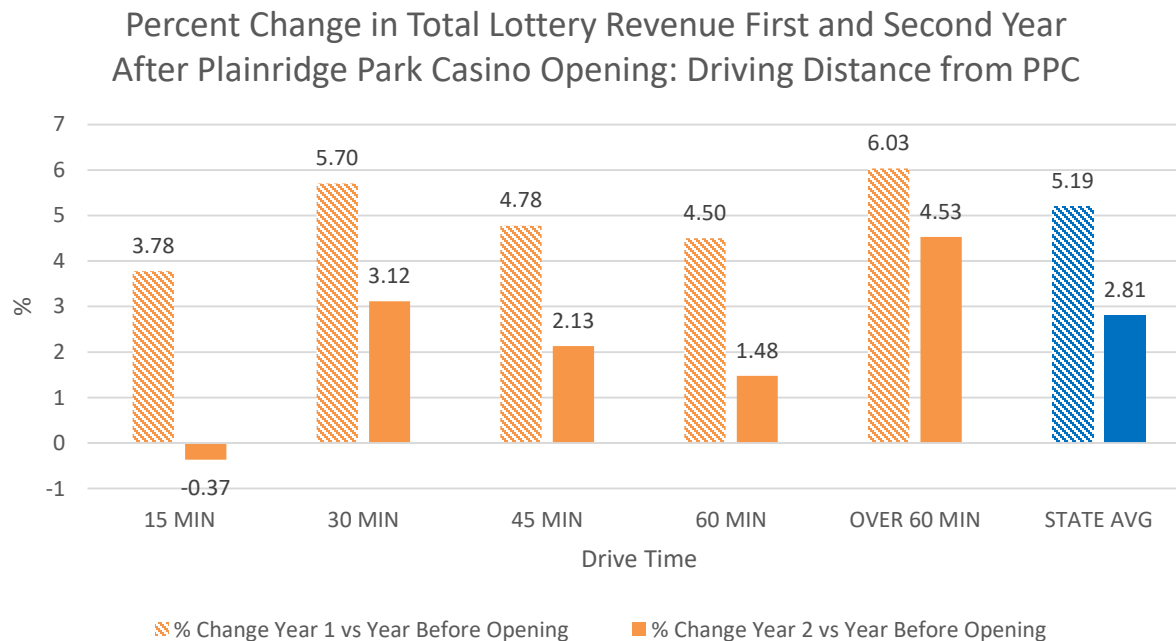
Pre and Post PPC Lottery Sales: Select Cities

- Year 1 sales growth near state avg. Year 2 below.

Total Lottery Sales in Patron Origination Cities vs Rest of Massachusetts: Pre and Post PPC				
		<i>Year Prior to PPC</i>	<i>1 Year After PPC</i>	<i>2 Years After PPC</i>
Patron Origination Cities	Sales (\$)	\$ 724,782,022	\$ 760,395,347	\$ 724,279,754
	% Change from Year Prior to PPC		4.91%	-0.07%
State	Sales (\$)	\$5,020,973,872	\$5,281,590,259	\$5,161,857,754
	% Change from Year Prior to PPC		5.19%	2.81%

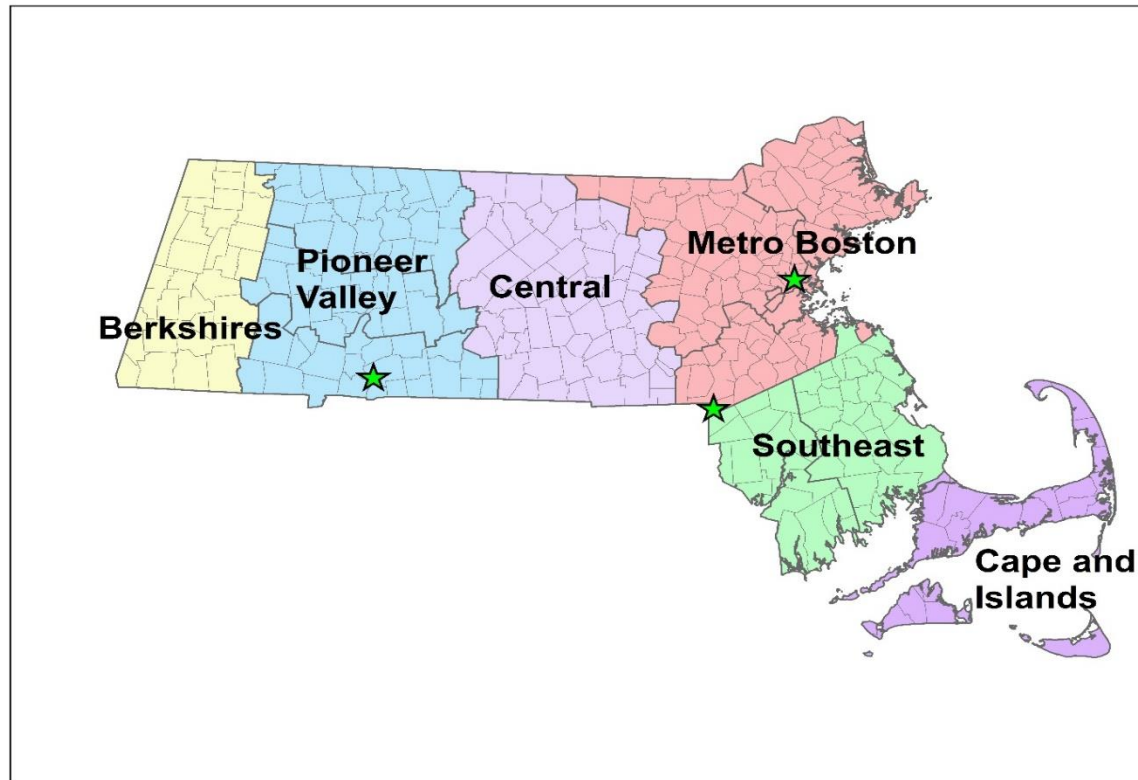
Sales Growth by Drive Time from Plainridge Park Casino

- Sales for agents 0-15 minutes drive away grow slightly less in year 1; decline in year 2; agents with 16-30 minutes grow slightly more.



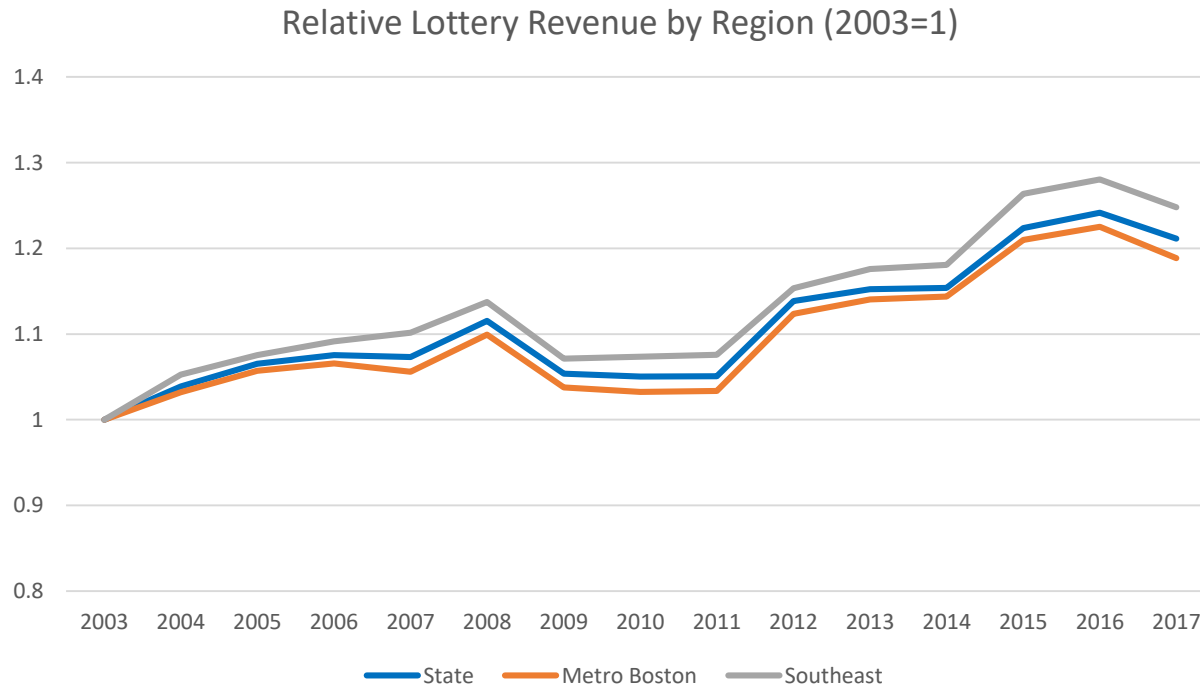
Regional Analysis

- Regions used for Economic Analysis.



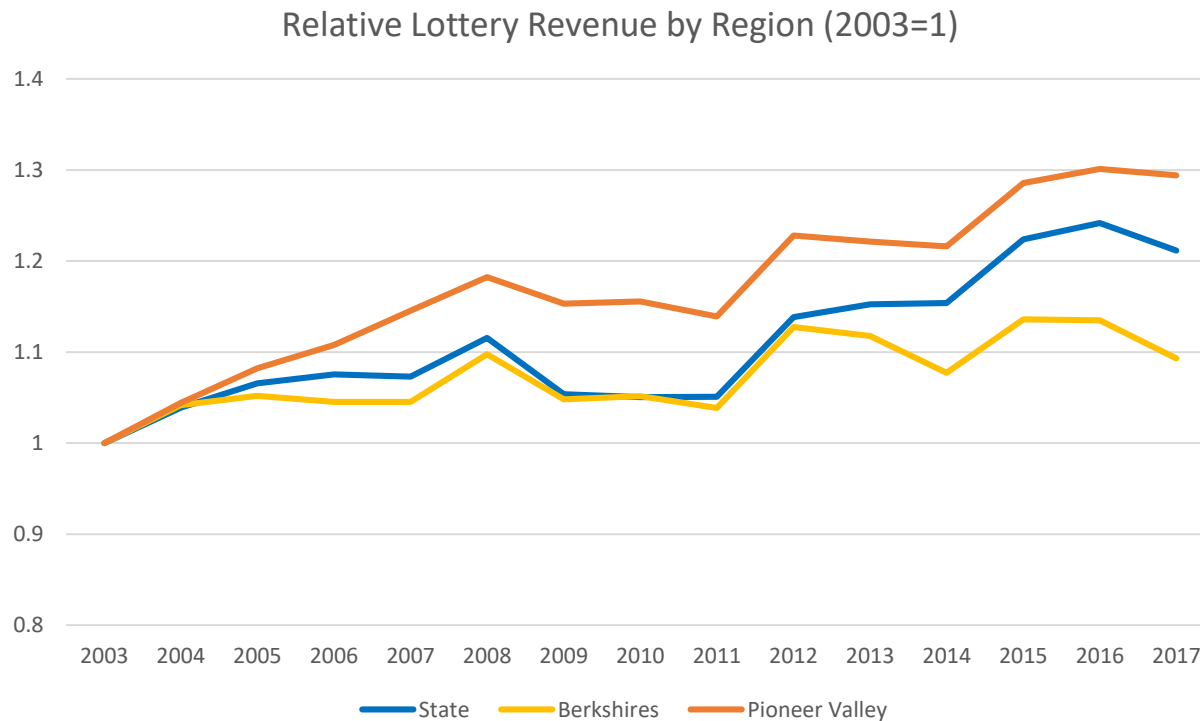
Regional Sales Trends

- Metro Boston and Southeast similar growth to state as whole.



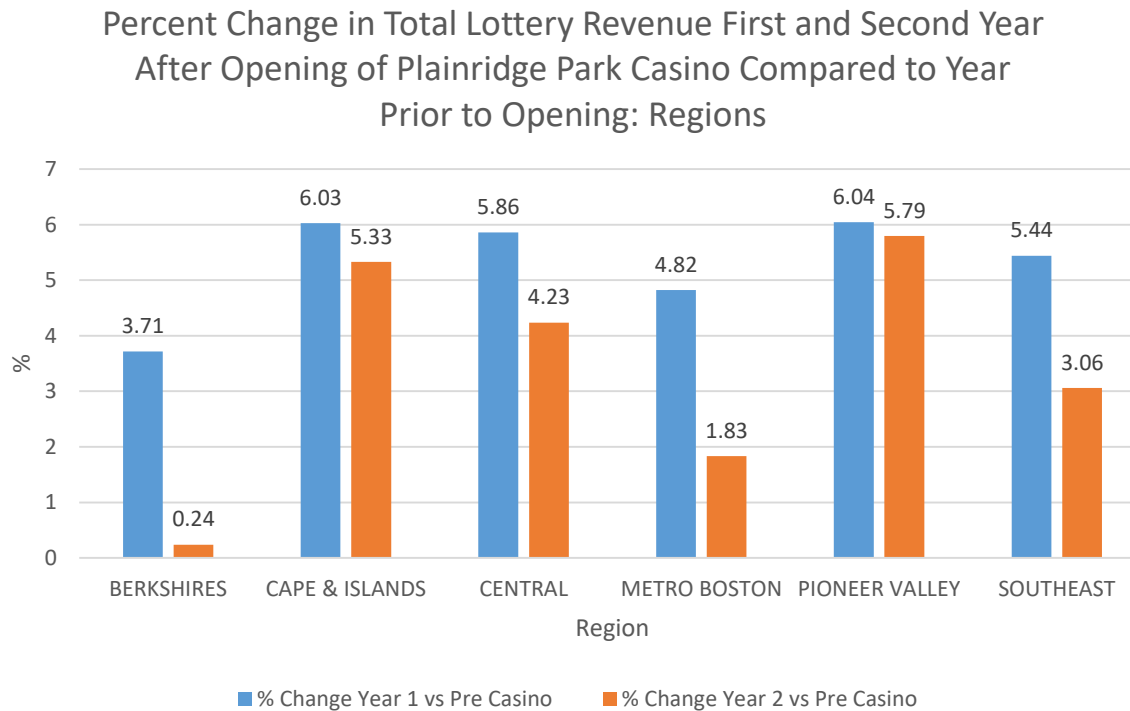
Regional Analysis

- Sales growth in Pioneer Valley exceeds state; Berkshires fall below after 2012.



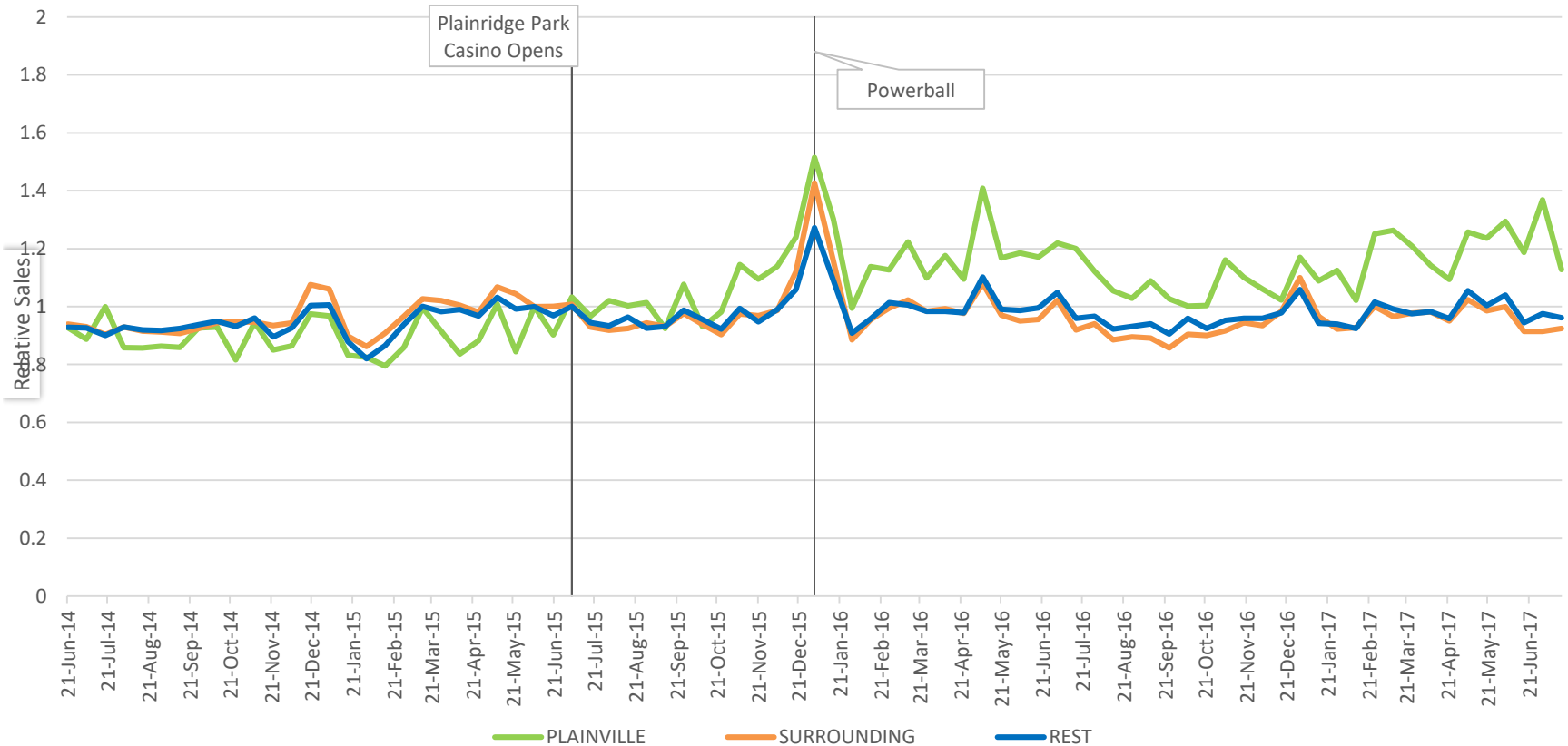
Sales Growth by Region First and Second Year after PPC

- Southeast region growth exceed state avg; Metro Boston similar, but slightly below in years 1 and 2.



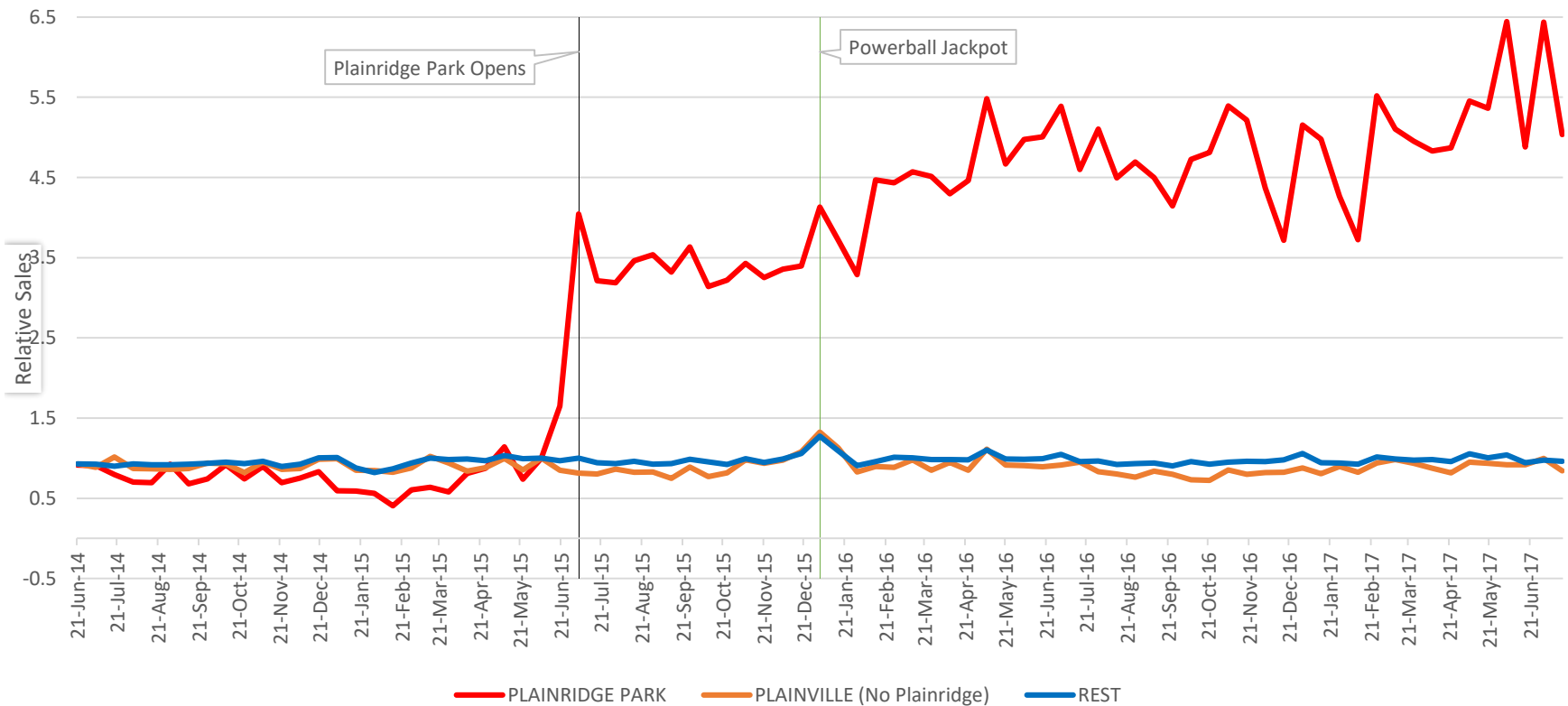
Community Relative Sales Analysis (Sales relative to period prior to PPC opening)

Total Lottery Sales over Time: Host & Surrounding Communities and Rest of State
(Relative to Sales in Period Prior to Slot Parlor Opening)



Plainridge Park Casino Relative Sales Analysis (Sales relative to period prior to casino opening)

Total Lottery Sales over Time: Plainridge Park, Rest of Plainville, Rest of State
(Relative to Sales in Period Prior to Slot Parlor Opening)



Conclusions

- No clear evidence of a significant decline in lottery revenue attributed to Plainridge Park Casino.
- Lottery revenue at PPC grew significantly in year 1 and remained at that level in year 2.
- Compared to year prior to PPC opening:
 - sales for surrounding communities grew more slowly in year 1 and decreased in year 2 (relative to rest of Massachusetts).
 - Same is true for top 5 patron origination cities and agents within 15 minute drive of PPC.

Conclusions

- Compared to year prior to PPC opening:
 - Change in sales in Plainville and surrounding communities combined slightly higher than rest of Massachusetts in year 1 (5.48% vs 5.19%) but lower in year 2 (0.74% vs 2.19%)
- Gains in Plainville sufficient to offset declines in the surrounding communities, leaving sales essentially unchanged in year 2.
- Sales for agents within 16-30 minute drive exceed state average.

Conclusions

- Short-term impact; results may change over time.
- May be different for casinos in Springfield and Everett.

Future Analysis

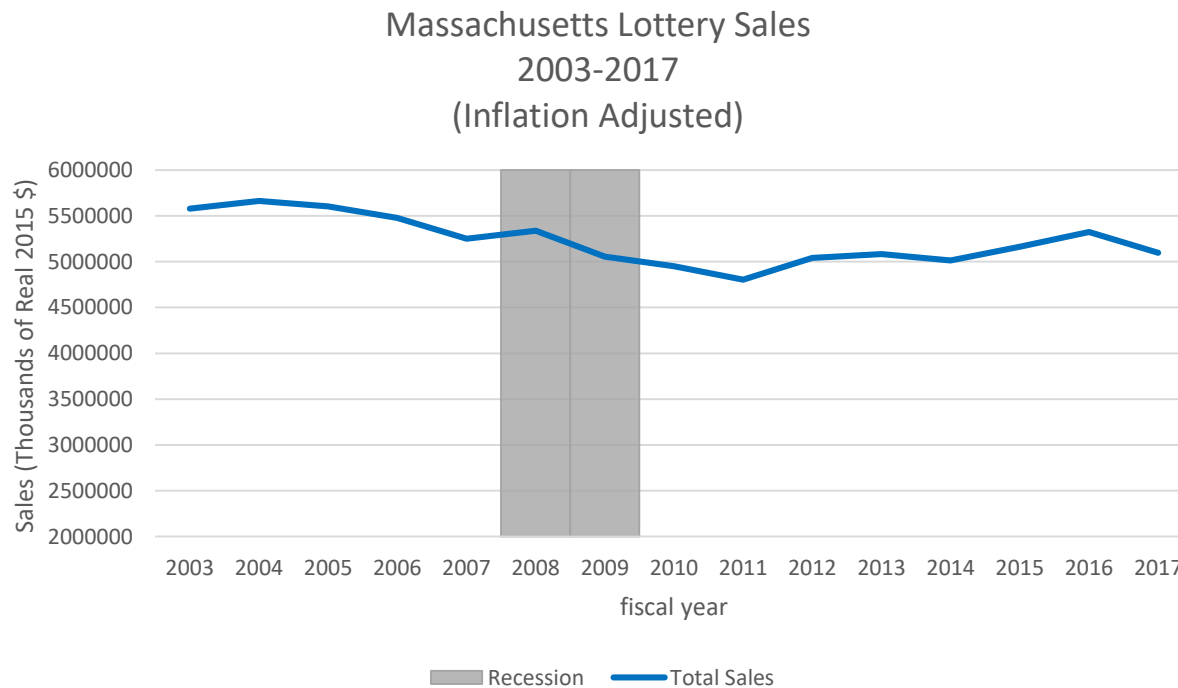
- Continue to analyze PPC
- Analyze impact of casinos in Springfield and Everett (have good pre-casino, weekly data)
- Analyze by various geographies: host, surrounding, distance, visitor cities, regions.
- Combining with patron survey to better determine if lottery expenditures have changed as a result of casino gambling.

Thank You !

Questions?

Massachusetts Lottery Trends

- Real Average annual growth rate 2003-2017: -0.64%. [\(Return\)](#)



Real Dollars, FY 2003-2017. Source: MA Lottery