

Lottery Revenue and MGM Springfield: Statewide and Local Analysis

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Research Objective and Outline

Describe Changes in Lottery Revenue During First Year of Operation of MGM Springfield

- Describe sales trends in lottery revenue statewide
- Describe changes in lottery revenue after opening of MGM Springfield
 - Statewide
 - In Springfield
 - In designated surrounding communities
- Purpose is to identify potential impacts associated with opening of MGM Springfield

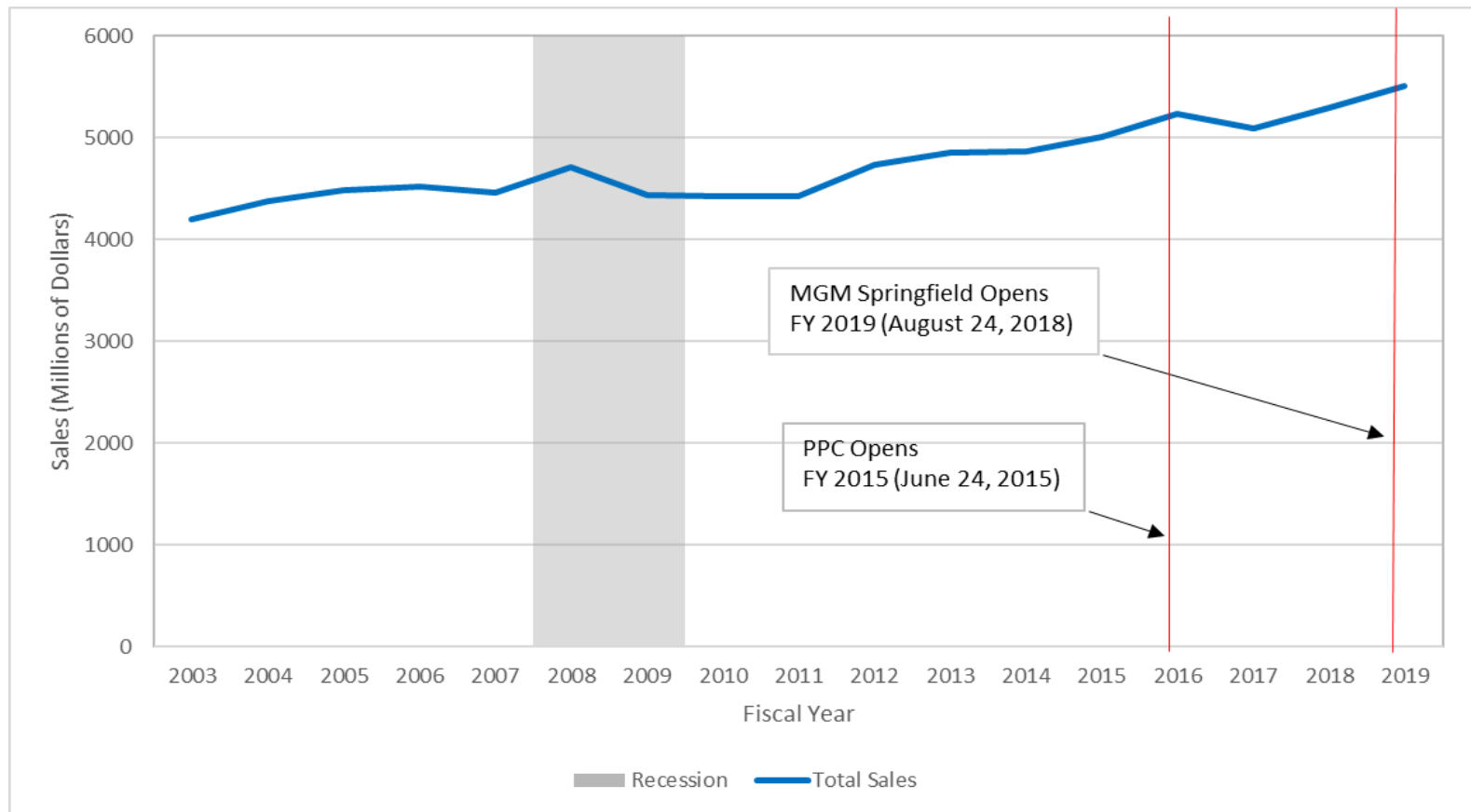
Importance of Research

Why Do Changes in Lottery Sales Matter?

- Lottery sales statewide are the largest source of local aid for communities.
- Potential impacts on lottery revenue likely to be greater in Springfield and surrounding communities due to closer proximity to the casino.
- Local aid for communities is not tied to lottery sales in those communities.
- MGM Springfield is first resort-style casino to open in Massachusetts. Economic impact may be different than PPC.

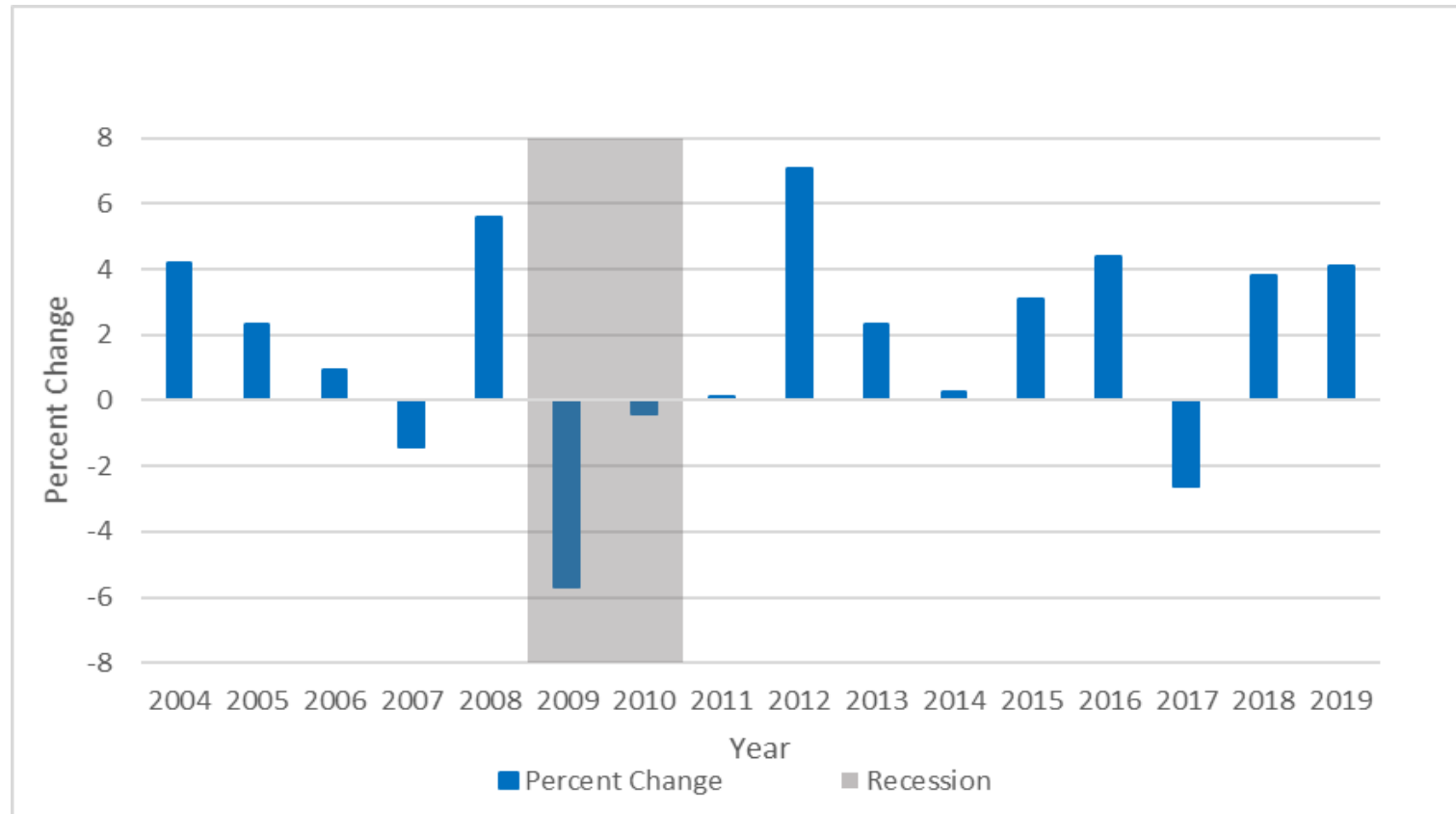
Lottery Sales Trend Statewide

Lottery Sales, Fiscal Years 2003-2019



Year-to-Year Changes Statewide

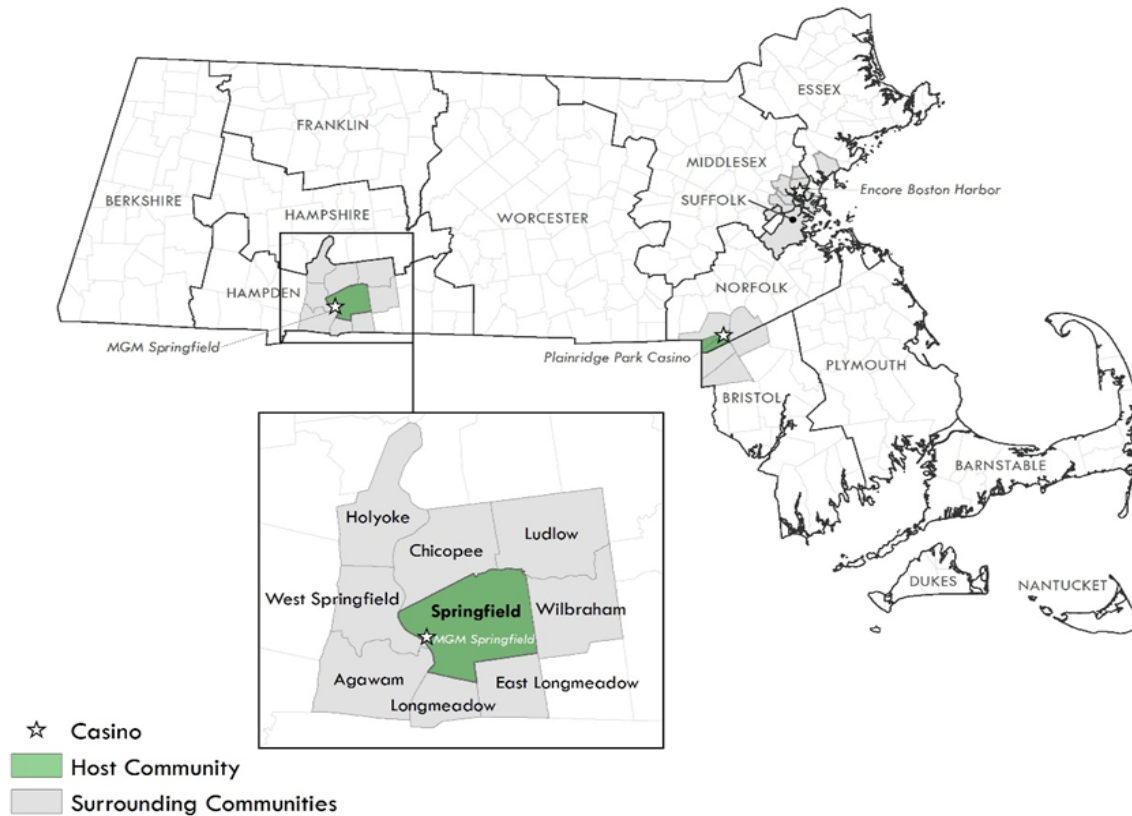
Lottery Sales, Percentage Change, 2004-2019



Summary of Statewide Impacts

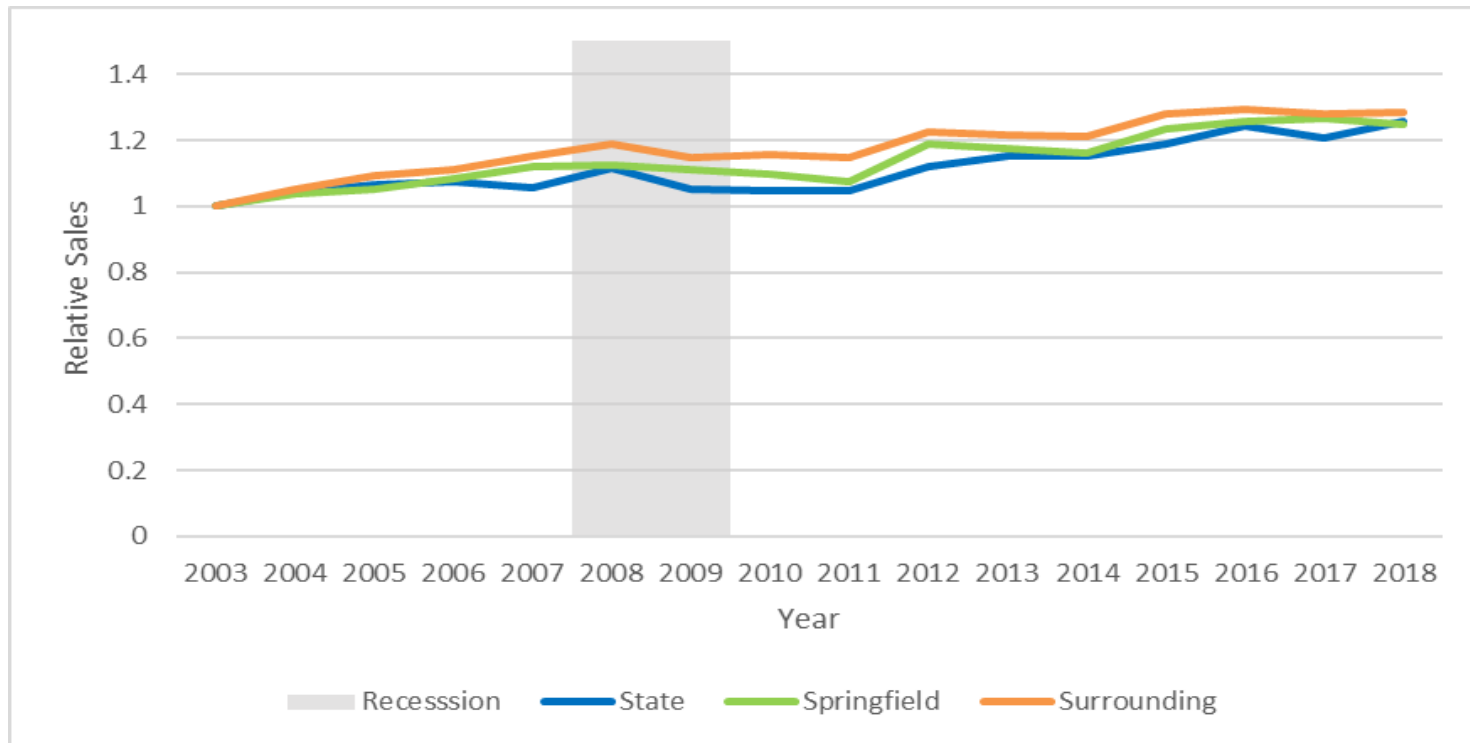
- Lottery sales vary year to year.
- Important to not make conclusions from changes in single year.
- No sign that lottery revenue statewide declines after opening of casinos in Massachusetts. Since PPC opened, lottery sales increased in every year except FY 2017.

Description of Lottery Sales in Springfield and Surrounding Communities



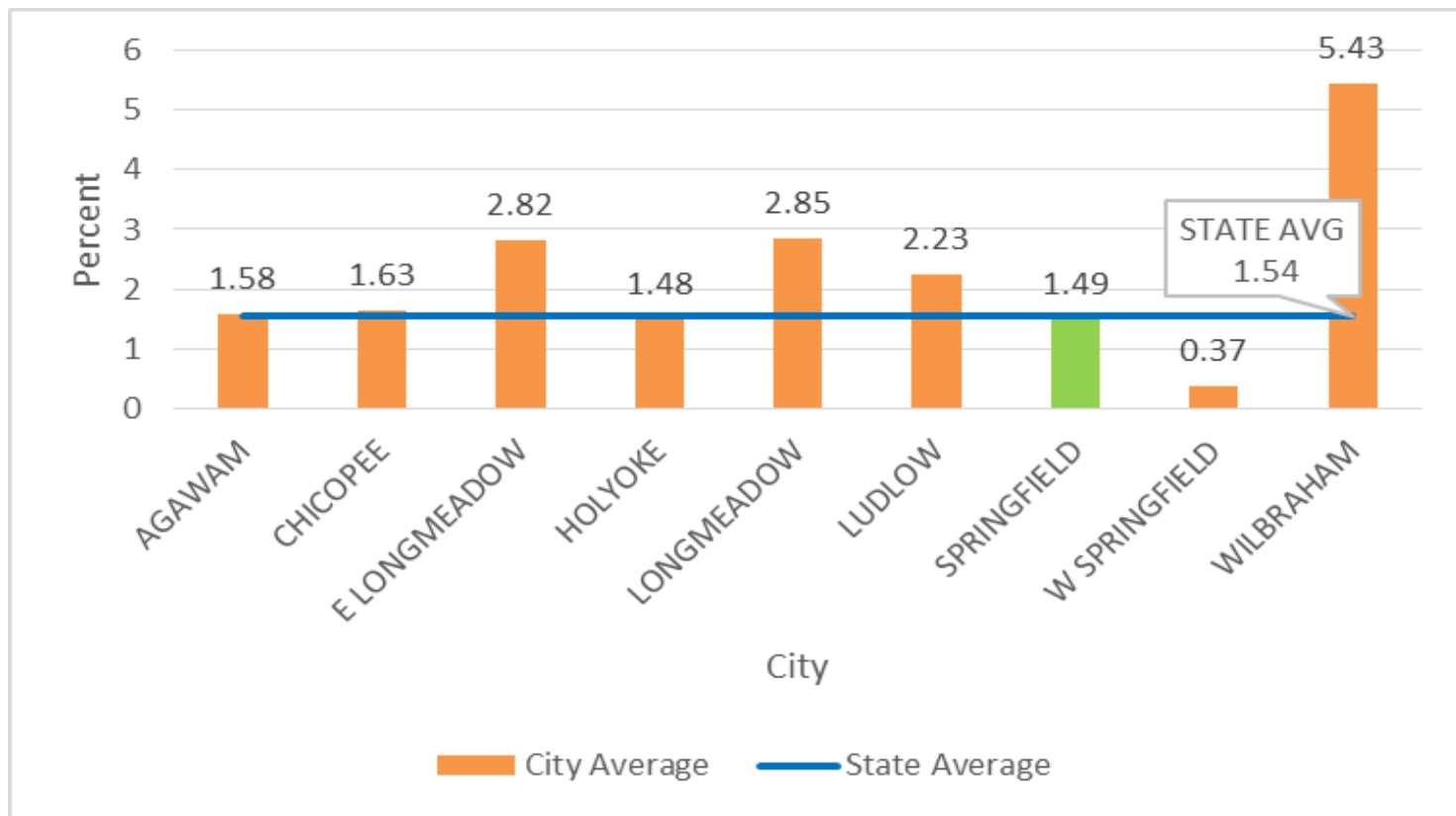
Springfield and Surrounding Communities

Growth in lottery revenue historically similar.
Growth for state slightly faster in recent years.



Springfield and Surrounding Communities

Average annual growth rates, 2004-2018

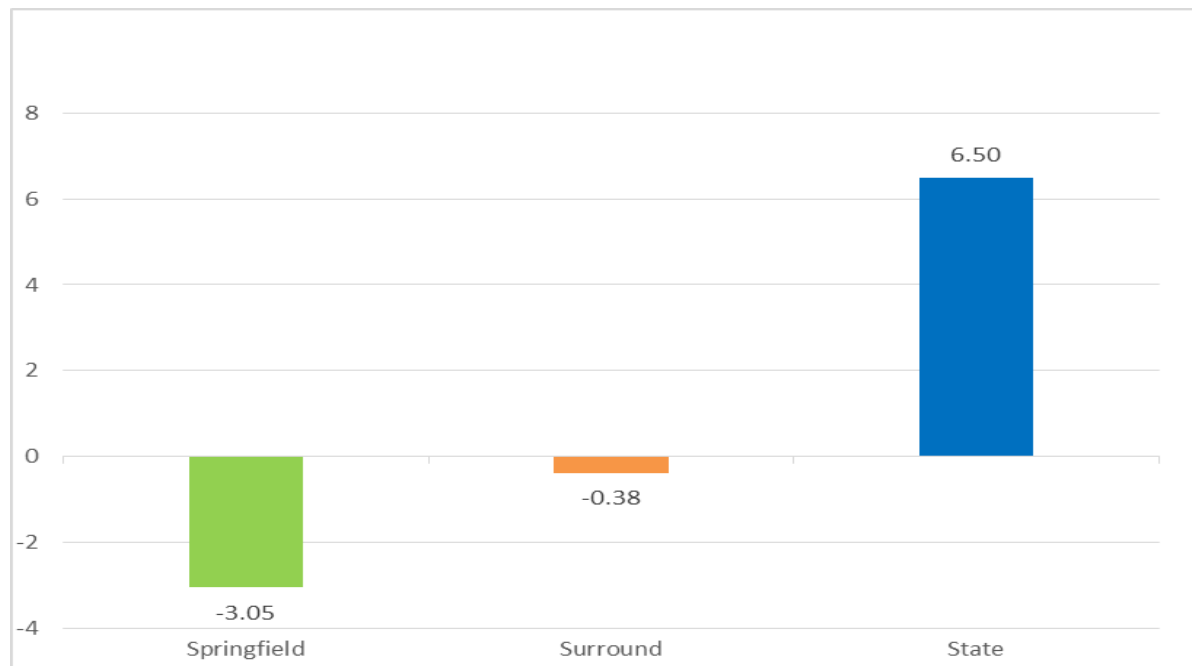


Lottery Sales over First Year of Operation

- MGM Springfield opens August 24, 2018.
- We analyze weekly lottery sales data for all lottery agents.
- An early comparison of Springfield and surrounding communities over time and versus rest of state. Recall, historically Springfield and rest of state grew at nearly identical rate.

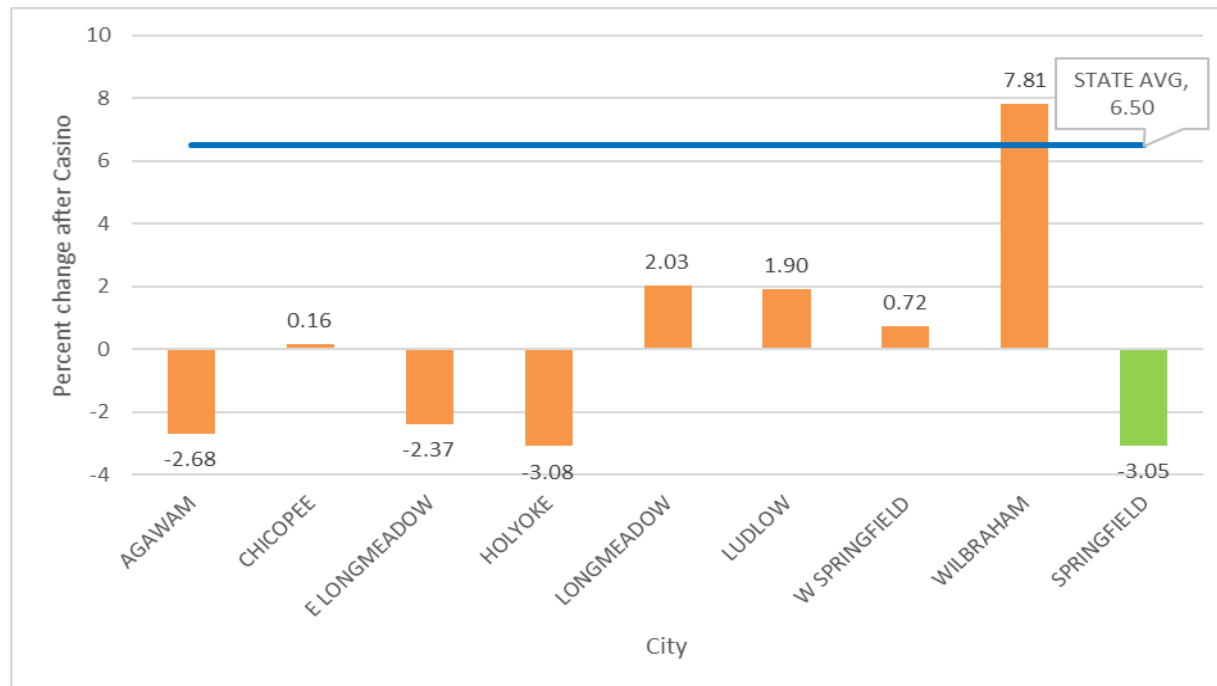
What happened to lottery sales in Springfield and Surrounding Communities During the First Year of Operation of MGM Springfield?

- **Lottery Sales in Springfield decreased 3.05% in first year of MGM operation compared to year prior.**
- **Statewide Lottery Sales increased 6.5% over same period.**



What happened to lottery sales in Springfield and Surrounding Communities During the First Year of Operation of MGM Springfield?

- **Surrounding communities collectively decrease (0.38%), but varies by community.**



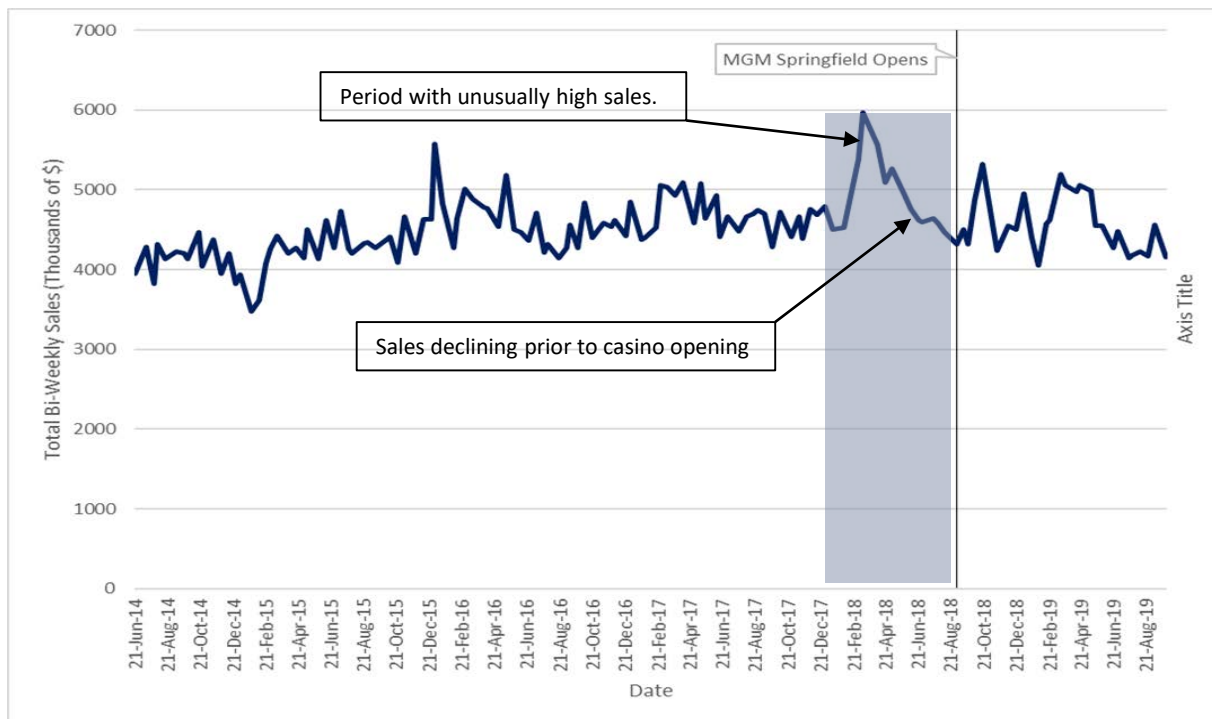
What happened to lottery sales in Springfield and Surrounding Communities During the First Year of Operation of MGM Springfield?

Are the Changes in Lottery Revenue Related to the Casino?

- It is too early to link the decline in revenue with the casino opening.
- Not possible to determine a trend using single year of data or single year-over-year comparison.
- The decline in sales in Springfield may reflect random annual fluctuation in lottery sales or unusually high sales in Springfield in the year just prior to the casino opening.
- Subsequent reports when additional data become available will allow clearer distinction between random fluctuation and a longer term trend.

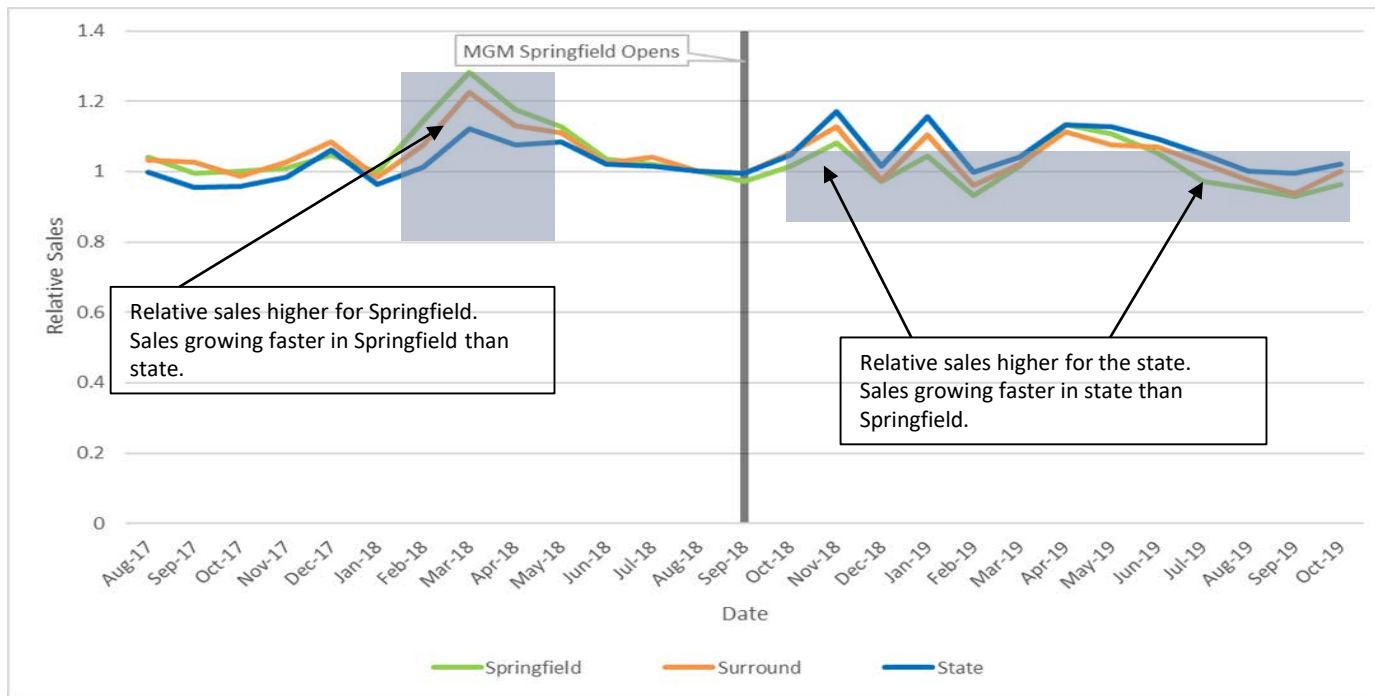
What happened to lottery sales in Springfield During the First Year of Operation of MGM Springfield?

- **High sales in year prior. Sales declining before the casino opens. Decline may reflect a return to trend.**



What happened to lottery sales in Springfield During the First Year of Operation of MGM Springfield?

- **Lottery sales relative to month prior to opening. Month prior to opening=1**



First Year Summary and Future Analysis

- No evidence that casinos have harmed lottery sales statewide. Important for local aid.
- Lottery sales in Springfield decreased 3% in first year of MGM casino operation, after unusually high sales the year prior to opening.
- Lottery sales in rest of state increased 6.5% in first year of MGM casino operation.
- First year change in Springfield is different than historical growth rates in lottery revenue where state and Springfield were nearly identical.

First Year Summary and Future Analysis

- First year change in Springfield is different change in Plainville in first year.
 - Excluding PPC, lottery sales in Plainville increased 1.96% (versus 5.19% increase in rest of state).
 - Excluding MGM Springfield sales, sales in Springfield decrease 4.25%.
- With one year of data, we cannot attribute the decrease in lottery revenue in Springfield to the casino.
- Decrease in lottery sales in Springfield may reflect unusually high sales in year prior to casino opening.
- Decrease in Springfield does not affect local aid in Springfield.

First Year Summary and Future Analysis

- Divergent sales in Springfield versus the rest of the state warrants future monitoring of lottery sales.
- Additional data in future will distinguish between a longer-term, casino-induced, change in revenue from normal year-to-year variation.
- Patron survey data should also clarify whether money spent in the casino would have been spent on lottery.

Thank You!

Questions?

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