



Gaming Policy Advisory Committee

Notice of Meeting and Agenda

March 27, 2018

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, notice is hereby given of a meeting of the *Gaming Policy Advisory Committee* established pursuant to M.G.L. c. 23K § 68.

The meeting will take place:

Tuesday, March 27, 2018 @ 11:00 a.m. - 12:30 p.m.
Massachusetts State House, 24 Beacon Street, Room 222
Boston, Massachusetts

Public Meeting #7:

1. Call to Order
2. Introductions and Remarks by GPAC Chair
3. Introductory Remarks by MGC Chair
4. Approval of Minutes
 - a. December 19, 2016 - **Vote**
 - b. December 21, 2017 - **Vote**
5. MGC Preparations for MGM Springfield Opening and Commission Activities
6. Update on Construction of MGM Springfield and Wynn Boston Harbor
7. Gaming Research Agenda
 - a. Research update summary
 - b. FY2019 Recommendation Memo - **Vote**
8. Next Steps
9. Other business – reserved for matters the Chair did not reasonably anticipate at the time of posting.

I certify that on this date, this Notice was posted as “Gaming Policy Advisory Committee Meeting” at www.massgaming.com and emailed to: regs@sec.state.ma.us and melissa.andrade@state.ma.us.

March 23, 2018

Date Posted to Website: March 23, 2018



Massachusetts Gaming Commission



GAMING POLICY ADVISORY COMMITTEE Minutes

Date/Time: December 19, 2016 – 10:00 p.m.

Place: State House Room 222, Boston, Massachusetts

Members Present: Dennis A. DiZoglio
Senator Jennifer Flanagan
Rep. Angelo L. D’Emilia
Rep. Ann-Margaret Ferrante
Victor Ortiz
Louise A. Zawodny
Bill Walczak

Stephen P. Crosby
Brian Lang
Paul Picknelly
Jill McCarthy Payne

Member Absent: Senator Richard Ross

Call to Order

Dennis DiZoglio, the Chair, called the meeting to order at 10:05. The Chair discussed the difficulty of scheduling meetings due to the quorum issues and let members know that the Commission has been working with the Governor’s office and Legislature to enable members to get a waiver to participate on these committees. He then asked the new members to introduce themselves. The new members are Jill McCarthy Payne, Victor Ortiz, Louise Zawodny and Paul Picknelly. Each new member gave a briefing on their credentials. He then thanked former members William Messner from Holyoke Community College, Thomas Land from the Department of Public Health, and Ruth Ellen Fitch for their service on the Committee. Chair DiZoglio then announced his intent to retire from the Committee and his regret that more meetings were not possible, as he would have liked to have further shape the role of the GPAC.

Commissioner Crosby then commented that the advisory board is meant to have meaningful role. He highlighted that the main problem at the start of the Commission was that issues were so fast moving that it was difficult to get in front of them. His hope now is that there is an opportunity to see issues as they arise that the GPAC can address and make the Committee worthy of the time spent by its members. He went on to thank Chair DiZoglio for his willingness to serve. He further noted that even outside of the formal meetings Chair DiZoglio’s knowledge and expertise of municipal work were extremely helpful in working with the regional planning authorities and on local mitigation issues. Chairman Crosby then presented Chair DiZoglio with a plaque in honor of his work and certificate of appreciation.

Commissioner Crosby then introduced the new Executive Director of the MGC, Ed Bedrosian and he described his responsibilities including overseeing 3 billion dollars in construction projects and the commitments made by the licensees. He then introduced Joseph Delaney, the MGC’s Construction Oversight Manager. Joe’s construction oversight includes the Commission’s oversight of the largest single phase private development in Massachusetts. Commissioner Crosby noted Mr. Delaney’s credentials.

Chair DiZoglio then asked if there were any questions or comments regarding the minutes from the June 16, 2015 meeting. Representative Ferrante moved to approve the minutes.

Mr. Lang raised issues that needed follow-up from the June 16, 2015 meeting and requested that information be provided on the Plainridge Park employees. He also asked about a strategy for CORI requirements which would prevent people who should benefit from the casino from getting employment.

Chairman Crosby mentioned that the current Director for Workplace Development was not able to attend this meeting. However, Plainridge had exceeded all diversity requirements and met or exceeded goals. The host community agreement required 90% of the workforce to come from the surrounding communities. However, that was an aspirational goal that is being worked on. The gaming laws mandate that all employees are kept to the same standard with regard to CORI standards from hotel workers and up. The Commissioners and others disagree with how it reads due to the word “may”. There is confusion in the statute which will be a matter for public discussion at the end of January 2017. The Commission will be requesting comments.

Mr. Lang that asked if it was solely a legal interpretation of the statute. Commissioner Crosby then explained that if the Commission determines ambiguity, it has the authority to make a determination as to the legislative intent. The Commission is working with the MGC Investigations Enforcement Bureau (“IEB”) to determine if it is creating any barriers to those needing jobs. There has been talk about legislative changes.

Senator Flanagan mentioned that there is some real hesitation to opening up M.G.L. c. 23K again. Commissioner Crosby mentioned that there is a mixed opinion of Commission members and staff as to the legislative intent.

Mr. Lang then mentioned that he would like to know the income and benefits from Plainridge, the compensation package. Commissioner Crosby noted that the Commission will get compensation package to members subject to reports being delivered to Commission members.

Chair DiZoglio asked for a second on the motion to accept the minutes. The minutes were unanimously approved.

Joseph Delaney, MGC’s Construction Oversight Manager then presented on the MGM Project and described the amenities. He noted that the buildings will be LEED Gold and further described what the pictures in the PowerPoint depicted. Commissioner Crosby spoke about the importance of saving of historical properties and facades to this Springfield development.

Paul Picknelly mentioned how, MGM Springfield being in an urban environment, the development has a number of exterior entrances which invite non-gaming individuals to the site. He noted that he is ecstatic about that.

Mr. Delaney then discussed that the roadwork for the MGM Springfield development is out to bid now. He mentioned the planned day care is off-site across Union Street. Mr. Walczak asked about the daycare and whether it is for the MGM employees in addition to the general public. Mr. Delaney confirmed that it was definitely for MGM employees and the public as well.

Mr. Delaney then presented about the Wynn Boston Harbor development. He described the different areas of development and noted that Wynn sends up a drone every few weeks to take pictures. He mentioned there were 2000 soil borings and that due to the soil contamination the soil is categorized prior to being put on the railroad cars for shipping to waste sites. All water removed from the slurry walls is put through a purification plant prior to being released into the Mystic River. He then had members look at pages 13 and 14 of the PowerPoint for the progress descriptions and milestones. Mr. Delaney then asked if anyone had any questions.

Chair DiZoglio then introduced Mark Vander Linden to speak on the Gaming Research Agenda and reminded members that this was a great opportunity for comments as the GPAC is charged with voting on the research agenda.

Mr. Vander Linden then explained that the Secretary of Health and Human Services with the advice of the Commission may establish the budget and protocols for the Public Health Trust Fund established to implement the objectives of the research agenda. The current research agenda is well underway as the fiscal year is half over. The best way to proceed as the agenda is underway is to obtain feedback from the GPAC. At the meeting on January 10, 2017, comments received will be provided to the Public Health Trust.

Chairman Crosby discussed the comprehensive research mandate. Additionally Chairman Crosby mentioned that the study will establish baselines for all variables such as crime, and everything positively or negatively. He noted that he gives the Legislature credit for mandating these studies.

Mr. Vander Linden noted that there are no federal funds available for research which puts these studies at a disadvantage; the Federal government left the studies up to the states to look at the issues.

He noted that UMass Amherst is working to understand impacts through the SEIGMA studies. Key information is being gathered to maximize their benefits of these studies. The main deliverable was a 10,000 person baseline study;

Commissioner Crosby noted that 2 % of adults are problem gamblers the statistics have shown 8.4 % people are at-risk.

Mr. Vander Linden discussed public safety issues in the region. In determining these statistics, calls for service and what are the specific impacts as a result. As part of this, MGC research took a look at the existing record keeping systems at the various police agencies and also did first person interviews to see what increases occurred.

Commissioner Crosby mentioned that in this first year of Plainville being open there has been no measurable impact in crime.

Mr. Vander Linden: The only change was an increase in credit card fraud in the host and surrounding communities that could not be explained; it's something that is being looked at and very close attention is being paid to this by the local police.

Representative Ferrante: Will reports and research show the number of new gamblers?

Mr. Vander Linden mentioned taking a look at a patron survey and license plate surveillance to find out where and how much out of state traffic the casino is getting. The second cornerstone is the cohort study done by the same UMass team. Nothing like it has been done in the United States.

Mr. Walczak noted the GameSense program.

Mr. Vander Linden mentioned the work with Massachusetts Compulsive Gaming Council and what is available through them. It promotes responsible gaming. The release of the first report showed they have logged over 10,000 people taking advantage of the information. It is staffed 16 hours a day. It has been interesting to see how Gamesense is influencing gaming behavior.

Commissioner Crosby mentioned the two factors in this process: Gamesense agents are available to meet with individuals; and PlayMyWay budgeting for gambling tool. Both are considered best practices. Through the Cambridge Health Alliance the final program is being evaluated. There is also a voluntary self-exclusion program in which individuals can sign up to be excluded and any winnings they cannot keep.

Mr. Vander Linden then mentioned that there are a number of deliverables between now and June. A substantial number of deliverables are expected in the 1st quarter of 2017. There are 2 new items to be studied. One is data transfer storage from key research projects as mandated by Section 97. The second is a study of behavior among certain populations or minority populations concerning at-risk populations.

Representative Ferrante asked whether seniors were considered an at-risk population. Mr. Vander Linden responded that the seniors specifically didn't rise as a high risk group.

Mr. Walczak mentioned that he is now at Bunker Hill Community College and is concerned about the proximity of students to the Everett casino, especially those students that are immigrants and low income. He wondered if there was a way to gauge the impact on students, especially those in high risk profile group.

Mr. Vander Linden thanked him for his comment and mentioned that he would bring it back to Public Health Trust Fund.

Paul Picknelly asked why Foxborough was not included in the crime study. Mr. Vander Linden mentioned that Foxborough was invited to participate in the study but never responded.

Mr. Lang questioned whether participation was mandatory. Mr. Vander Linden replied that it was not mandatory, but that he could see tremendous advantages to communities taking part.

Commissioner Crosby mentioned that Commissioners Cameron has knowledge about how the police view these matters at a police level. There was a meeting with the police chiefs in the area, but they could not determine the 90% increase from the prior year in the credit card thefts.

Ms. Zawodny mentioned that there are several steps and safeguards available to help people with gambling issues. Paul Picknelly asked what the budget was for these efforts. Mr. Vander Linden responded that it is currently \$2.82 million for all activities. For the start of the 10,000 person survey, it was more but averaging \$3M per year.

Commissioner Crosby then read the Motion to adopt the projects proposed for the research agenda for 2017.

Such motioned was seconded and voted unanimously approved at 11:25 a.m.

Chair DiZoglio mentioned the next steps for the GPAC such a resuming meeting on a quarterly basis and that it is hoped that additional members will be able to participate in the GPAC. He noted that the Commission will continue to update the members going forward and that if any members had any comments to please contact the Commission.

Chair DiZoglio closed the meeting at 11:30 a.m.

/s/ Mary S. Thurlow
Mary S. Thurlow, Secretary

List of Documents and Other Items Used

1. Notice of meeting and agenda
2. Membership of Gaming Policy Advisory Committees
3. Minutes from the June 16, 2015 meeting
4. Presentation by Joseph Delaney entitled: "MGM Springfield and Wynn Boston Harbor Construction Update"
5. FY 2017 Gaming Research Agenda Memorandum by Mark Vander Linden
6. Draft Motion for consideration by the GPAC 12/19/2016
7. SEIGMA Fact Sheet Number 01 June 2016
8. SEIGMA Fact sheet Number 02 June 2016
9. Executive Summary of Assessing the Impact of Gambling on Massachusetts Cities & Towns - Analysis of changes in police data after the first year of operation at Plainridge Park Casino by Christopher W. Bruce 12 December 2016

Commissioner Crosby then gave a brief summary about the Category 2 Slots facility in Plainville. He noted that per machine revenue is one of the highest of any in the United States at approximately \$350 per machine. The revenue so far for local aid has been \$70M. The crime statistics show no significant change as a result of the operation of the casino. He then summarized Gamesense and the responsible gaming measures. Commissioner Crosby noted that the workforce development met or exceeded objectives in the construction trades for women.

Mr. Walczak asked if there was a report on that. Jill Griffin said that she would provide information on that to him.

Senator Lesser asked for an update on the jurisdiction conversations between state and local police. The gaming provisions established the entire gaming area needing coverage.

Mr. Ortiz thanked the Commission for the efforts made regarding the CORI restrictions.

The Chair then turned to MGC Ombudsman John Ziemba to provide a brief presentation about the Community Mitigation Fund Guidelines. Mr. Ziemba noted that development of the Community Mitigation Fund Guidelines started back in September. Since that time there had been numerous meetings with Local Community Mitigation Advisory Committees in Region A and Region B. The draft Guidelines were posted for comment on November 3 and were distributed to the GPAC advisory committees. The Commission Staff has met with the Subcommittee on Community Mitigation and discussed the Guidelines with the Commission several times. Mr. Ziemba noted the aim to get approval of the Guidelines at tomorrow's Commission meeting.

Mr. Ziemba mentioned that the Gaming Commission review team believes a \$6M program for Fiscal Year 2019 is reasonable. The CMF fund has approximately \$10M left until significant new contributions to the fund are made from gaming taxes. MGM will start generating taxes later next year. If the Commission agrees to allocate \$6 million this year, it could have approximately \$5.5 million next year, including the \$4M from our current fund and conservative amount of about \$1.5 million in new funds from MGM Springfield gaming taxes.

Wynn is scheduled to open June 24, 2019 @ 8 p.m. So, for the application round in February 2020, the Community Mitigation Fund will have both Wynn and MGM Funds. The \$6 million is only a target. The Commission specifically reserves the right to allocate more or less than that amount next year. Mr. Ziemba directed the members to take a look at the draft on page 2 of the memo, to see that we are recommending increases in spending in certain areas, notably transportation planning and workforce development.

Mr. Ziemba mentioned that potential transportation impacts remain the number one concern that MGC staff hears from the surrounding communities. In 2016, the MGC created the Transportation Planning Grants to enable communities to plan and design transportation projects that could be needed to help with traffic concerns. He noted that it often takes years to plan transportation projects. Thus, CMF staff presented to the Commission the value of paying for planning now.

Mr. Ziemba noted that another planned spending increase for the proposed 2018 Guidelines is in the workforce development pilot programs.

Ms. Griffin discussed the two programs in western Massachusetts at the Springfield Public School and Springfield Technical Community College which programs run in 12 week sessions. The Region B Pilot Program is scheduled to begin in January will provide for 100 students. The Metro North Regional

Education Board established a casino career advisory program with resources at Bunker Hill and Everett focusing on culinary skills. The focus is to prepare for gaps in businesses caused potentially by employees going to Wynn. The facilities are encouraged to leverage other resources for continuation of these workforce pilot programs.

Mr. Lang asked if there were any private sector interest. Mr. Ziemba noted that only Governmental entities can apply and that regional consortiums are encouraged.

The next discussion was the expansion of the Community Mitigation Fund Specific Mitigation Grants and its use in providing funding for training State Police. The State Police officers that are assigned to a gaming facility get paid by assessments on the licensees once the facilities are operational. In order to prevent diminishing the State Police numbers, due to the officers needed at the casino, the State Police have requested funding to offset training costs. Public Safety costs are among the items listed as an appropriate use according to Section 61 of the Expanded Gaming Act.

Mr. Walczak expressed concern that there will be dollars taken away from surrounding communities to pay for the State Police training costs. Commissioner Crosby asked whether the CMF had enough remaining money that it could fund the State Police request. Mr. Ziemba noted that it was hard to tell at the moment as the applications have not been received. Representative D'Emilia asked what the amount would be. Mr. Ziemba noted that it would be approximately \$2.4M. Commissioner Crosby noted that it was 19 State troopers per licensee. Senator Lesser asked if the new recruits would be directly detailed to the casino. Mr. Ziemba said that the new recruits will be used to back fill positions that are assigned to the casino to police the gaming facilities.

Executive Director Bedrosian gave a summary of plans including the joint task force structure.

Mr. Walczak noted that the dollars need to be used. Mr. Lang asked what were the potential asks? Mr. Lang thought it was great that the CORI was relaxed and that funds were being used to get people ready for employment.

Mr. Ziemba noted that there is a request for comments on the CMF available on line and that no end date has been placed on the comment period. Commissioner Crosby noted that the tradeoffs all depend what MGC receives in applications.

Mr. Picknelly asked about the possible split of the CMF by region. He would like to know what that split would be.

Mr. Ziemba noted Mr. Picknelly's concern and explained the need to establish a system so that funds can be allocated by each region while making sure to maintain funding for slots communities and potentially communities in Region C. It is the Commission's intent to establish this system.

Ms. Zawodny asked if this would be a recurrent funding for the police. Mr. Ziemba explained that it is anticipated to be a one-time expense. He noted that ongoing funds for State Police officers assigned to facilities are paid through assessments on licensees.

Commissioner Zuniga noted that with respect to the potential impacts on the lottery, it's a wash. There was a brief discussion regarding concerns about the lottery which provide local aid. It was mentioned that the Plainridge lottery sales have been high and the casino is a possible new infusion for the Lottery. Commissioner Crosby noted that the Host Community is its biggest vendor and that other stores went up but not as much.

Chair Conard mentioned that, as she noted earlier, she would need to depart the meeting by 1:10 due to a previously scheduled matter. She turned the meeting over to Commissioner Crosby to close the meeting. With the departure, a quorum no longer existed.

/s/ Mary S. Thurlow
Mary S. Thurlow, Secretary

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MASSACHUSETTS GAMING COMMISSION

GAMING POLICY ADVISORY COMMITTEE

MGM SPRINGFIELD AND WYNN BOSTON
HARBOR CONSTRUCTION UPDATE

SPRING 2018



MGM SPRINGFIELD PROJECT OVERVIEW

OPENING DATE: SEPTEMBER 2018

Job Creation	3,000 Permanent Jobs
	2,000 Construction Jobs
Project Metrics	Total On-site Gross Floor Area: 2.1 million SF
	Hotel Rooms: 252 (151,000 SF)
	Total Gaming Positions: ~3,300 (126,000 SF)
	Retail Space: 30,000 SF
	Food / Beverage Space: 65,000 SF
	Convention / Meeting : 46,000 SF
	Cinema : 43,000 SF
	Bowling : 12,000 SF
	Rooftop / Plaza Gardens : 20,000 SF
	Armory Marketplace : 10,000 SF
	Outdoor Plaza : 57,000 SF
	Total Parking Spaces: 3,500 spaces
	Child Care : 5,000 SF offsite
	Residential : 54 Market Rate Units offsite (65,000 SF)
	MGM Springfield will be LEED Gold or Greater

STATE STREET AND MGM WAY



MGM SPRINGFIELD SITE MARCH 2018



MGM SPRINGFIELD GAMING FLOOR MARCH 22, 2018



MGM SPRINGFIELD SALVAGED 73 STATE STREET DOME

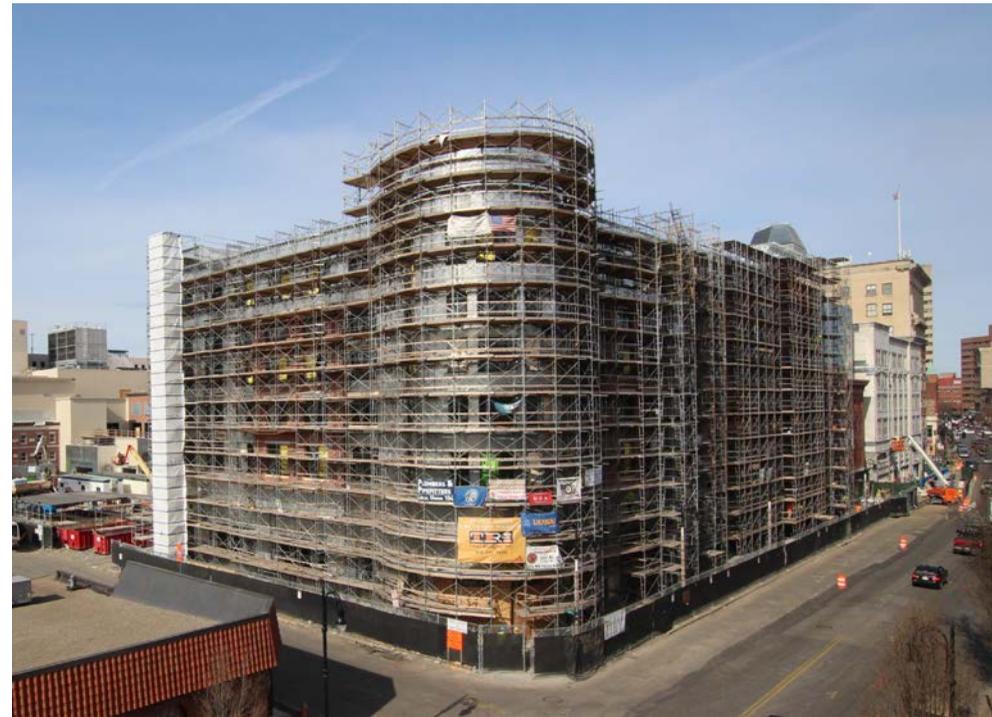


MGM SPRINGFIELD HOTEL AND PODIUM

March 23, 2017



March 23, 2018



MGM SPRINGFIELD RECREATED YWCA FAÇADE



MGM SPRINGFIELD ENTERTAINMENT PLAZA



MGM SPRINGFIELD ENTERTAINMENT BLOCK AND CHURCH



MGM SPRINGFIELD CAL MARE COASTAL ITALIAN



MGM SPRINGFIELD THE CHANDLER STEAKHOUSE



MGM SPRINGFIELD SOUTH END MARKET



MGM SPRINGFIELD TAP SPORTS BAR



KEY MILESTONES

- **Parking Garage Complete – October 2017**
- **95 State Street – December 2017**
- **Central Utility Plant Complete – April 2018**
- **Central Electric Facility Complete – June 2018**
- **Offsite Roadway Improvements – July 31, 2018**
- **Day Care – July 31, 2018**
- **Podium Complete – August 6, 2018**
- **Hotel Complete – August 6, 2018**
- **Entertainment Block – August 20, 2018**

WYNN BOSTON HARBOR OVERVIEW

OPENING DATE JUNE 2019

Job Creation	4,000 Permanent Jobs
	4,000 Construction Jobs
Project Metrics	Total On-site Gross Floor Area: 3 million SF
	Hotel Rooms: 671
	Total Gaming Positions: ~4,400 (160,000 SF)
	Retail Space: 9,000 SF
	Food / Beverage Space: 105,000 SF
	Convention / Meeting : 60,000 SF
	Spa / Gym: 26,000 SF
	Lobby Lounge: 3,000 SF
	Indoor Garden: 4,000 SF
	Ultra Lounge: 8,000 SF
	Total Parking Spaces: 3,714 spaces
	On-Site Parking Spaces: 2,914
	Off-Site Parking Spaces: 800 spaces
	Wynn Boston Harbor will be LEED Gold or Greater

WYNN BOSTON HARBOR ENTRANCE FROM BROADWAY



WYNN BOSTON HARBOR TOWER CONSTRUCTION DECEMBER 1, 2017



WYNN BOSTON HARBOR MARCH 16, 2018



WYNN BOSTON HARBOR GARDEN LOBBY



WYNN – GARDEN LOBBY



Wynn Boston Harbor Garden Lobby

WYNN BOSTON HARBOR GAMING FLOOR



WYNN BOSTON HARBOR CONFERENCE CENTER



WYNN BOSTON HARBOR 21ST FLOOR VIEW



KEY MILESTONES

- **Parking Garage Complete – July 2018**
- **Central Utility Plant Complete – November 2018**
- **Podium Complete – February 2019**
- **Hotel Tower Construction Complete – March 2019**
- **Gaming Area Complete – April 2019**
- **Convention Area Complete – June 2018**
- **FF&E, Commissioning and Final Inspections – June 2019**
- **Offsite Roadway and Transit Improvements – September 2017 - March 2019**

WYNN BOSTON HARBOR



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TO: Members of the Gaming Policy Advisory Committee

FROM: Mark Vander Linden, Director of Research and Responsible Gaming

DATE: March 27, 2018

RE: MGC Gaming Research Update

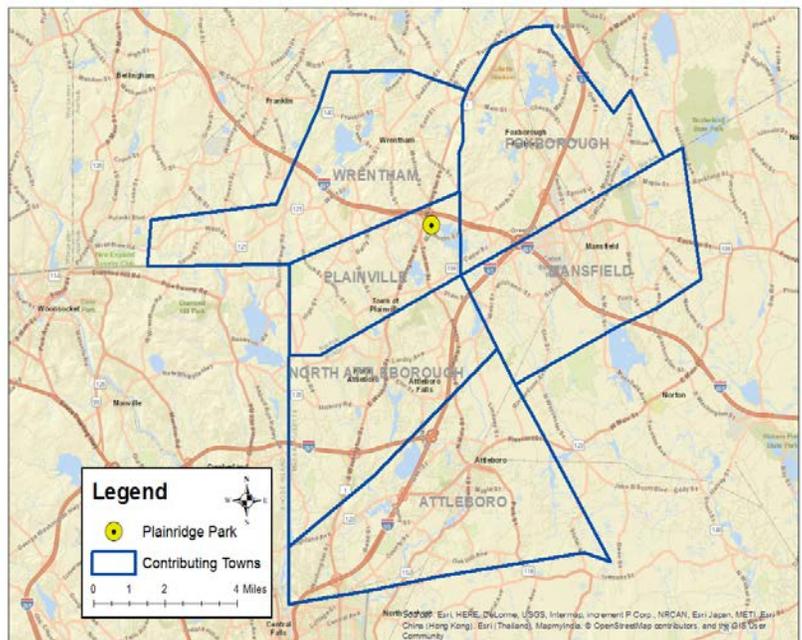
Current Gaming Research Agenda

Thus far in FY2018, eight reports have been released covering a range of social, economic and evaluative research. Below are a summary of these reports followed by a brief description of research deliverables expected before the end of this fiscal year. The final page of this memo provides an at-a-glance look at the six arms of the current research agenda.

Recently Released Reports and Studies

Assessing the Impact of Gambling on Public Safety in Massachusetts Cities and Towns: Analysis of change in police data after two years of operation at Plainridge Park Casino (Released on March 1, 2018)

The primary purpose of this report is to conduct an analysis of the increases and decreases in crime, traffic and calls for service in the communities surrounding Plainridge Park since the casino opened and to identify which changes in activity might be attributable to the casino. Analysis for this report draws upon both quantitative and qualitative methods to reach conclusions about changes in crime and calls for service in the Plainville area after the opening of Plainridge Park. Statistics are compared to both past figures in the same area and changes in comparison communities. The principal investigator for this report, Christopher Bruce, uses data collected directly from each agency's record management system (RMS) as an indicator to determine what categories of activity to investigate more thoroughly with qualitative methods, including reviews of police narratives and discussions with officers and analysts at the participating agencies.



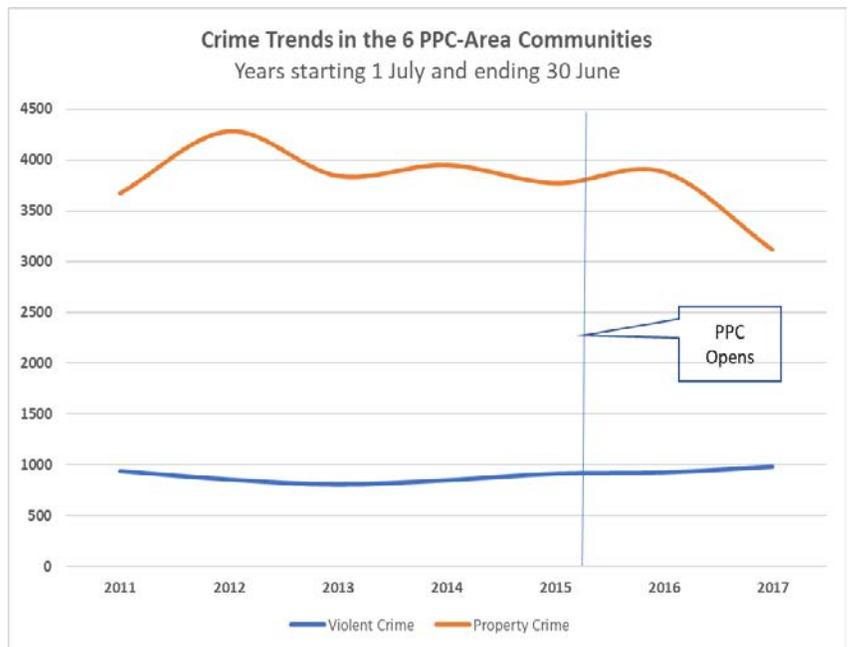
Massachusetts Gaming Commission

Major findings

- During Plainridge Park’s first two years of operation, the Gaming Enforcement Unit reported 2,906 “incidents” at the casino, of which 504 incidents were actual crimes. Trends include thefts of gaming credits, drug use and distribution in the parking areas, angry and intoxicated patrons, and thefts of personal property.
- The casino directly (i.e., incidents on casino property) led to a 10% increase in property crime (+41 incidents), a 12% increase in total crime (+80 incidents), and a 3% increase in calls for service (+436 incidents) for the Plainville Police Department.
- Statistics at the casino are similar to those at the top call-for-service locations in other communities.

Community	Top Offense Location	% Violent Crimes	% Property Crimes	% Total Crimes	% Calls for Service
Plainville	Plainridge Park	0%	11%	13%	9%
Plainville #2	Plainville Commons	0%	12%	10%	2%
Attleboro	Bristol Place	1%	9%	8%	3%
Mansfield	Xfinity Center*	24%	4%	58%	<1%
N. Attleborough	Emerald Square	6%	23%	17%	11%
Wrentham	Wrentham Vlg. outlets	12%	62%	59%	24%

- Based on a totality of the quantitative and qualitative evidence, the following trends in the surrounding community are considered “likely” to be related to the presence of Plainridge Park:
 - Increases in credit card fraud in multiple communities during the first year. (The trend abated in the second year.)
 - At least part of an increase in traffic collisions in the area, including those reported to the State Police
 - An increase in “lost property” reports in Plainville
 - An increase in “suspicious activity” reports in Plainville
 - An increase in traffic complaints in Plainville
 - There was a general increase in crimes at hotels, convenience stores, and gas stations that might show a PPC influence on some of the crimes.
 - There were other increases among the six communities but evidence cast doubt on a



- Plainridge Park relationship or directly implicated other factors.
- Analysis was complicated by changes in reporting practices in some of the communities.
 - Total arrests and other charges were down significantly in the area, particularly for liquor-related offenses at the major event venues. Even controlling for liquor-related offenses, arrests were down (though not significantly) in most communities.
 - There were 152 arrests at Plainridge Park specifically during its first two years of operation.
 - No increase was seen in state police crime statistics, excepting incidents at Plainridge Park specifically.

For the full report: <https://massgaming.com/wp-content/uploads/Assessing-the-Impact-of-Gambling-on-Public-Safety-in-Massachusetts-Cities-and-Towns-3-1-18.pdf>

Analysis of the Massachusetts Gambling Impact Cohort (MAGIC) Wave 2: Incidence and Transitions (Released on January 4, 2018)

This report presents results from a new cohort study of gambling and problem gambling underway in Massachusetts. While recent large-scale cohort studies have been carried out in Australia, Canada, New Zealand, and Sweden, there have been no major adult cohort studies of gambling in the United States. This report focuses on (1) establishment of the Massachusetts cohort, (2) changes in gambling participation within the cohort between 2013/2014 and 2015, (3) the “natural” incidence of problem gambling in Massachusetts (i.e., prior to the availability of casino gambling), and (4) transitions within the cohort between Wave 1 and Wave 2 of the study.

The cohort was established from a stratified sample of 3,139 respondents who completed the SEIGMA Baseline General Population Survey (BGPS), an address-based multi-mode probability sample survey conducted between September 2013 and May 2014 with adult (18+) Massachusetts residents. The main purpose of the stratified sample was to ensure that the cohort included the largest possible number of individuals who might be expected to change their gambling status over the course of the study, including Problem Gamblers, At-Risk Gamblers, and individuals who gambled regularly or spent substantial amounts on gambling. Wave 2 was conducted from March 2015 – September 2015 (an average of 16.5 months after Wave 1).

Changes in Gambling Participation

Changes in gambling participation within the cohort were examined by comparing the self-reported past-year behaviors of the members of the cohort at Wave 1 and Wave 2. Within the cohort, there was a statistically significant increase in overall gambling participation as well as in participation in casino gambling and horse race betting. There was also a statistically significant increase within the cohort in the average number of gambling formats engaged in over the previous 12 months. However, in all cases, the magnitude of the increase was quite small (2.0% – 3.2%).

Incidence of Problem Gambling

The “natural” problem gambling incidence rate within the cohort from 2013/2014 to 2015 in Massachusetts (prior to the opening of any casinos) was 2.4% (95% CI [1.5%, 3.7%]). This estimate is based on new problem gamblers in the past 12 months in the cohort who were not problem gamblers in the BGPS, weighted to the Massachusetts population. Members of the cohort for whom problem gambling status was missing in one of the waves of the study (N=57) were excluded from the calculation of incidence.

Problem Gambling Status from Wave 1 to Wave 2

	UN ¹	N ²	% ²	95% CI ²
Not problem gambler --> not a problem gambler	2,943	5,032,690	95.5	(93.9, 96.6)
Not problem gambler --> problem gambler	60	123,631	2.3	(1.5, 3.6)
Problem gambler --> not a problem gambler	40	57,385	1.1	(0.6, 2.0)
Problem gambler --> problem gambler	39	58,764	1.1	(0.6, 2.1)
Total	3,082	5,272,470	100.0	

The incidence rate in Massachusetts is high relative to other jurisdictions where longitudinal cohort studies have obtained rates ranging from 0.12% to 1.4%. However, it is important to recognize that these other jurisdictions have different gambling landscapes, most of the studies in these jurisdictions utilized different measures of problem gambling to establish incidence, and the inter-assessment interval in MAGIC (16.5 months) is longer than the intervals in most of these other studies (with 12 months being typical).

Transitions, Stability, and Change

Another goal of the present analysis was to determine the rate of transitions, or the degree of stability and change, among the members of the cohort between Wave 1 and Wave 2. This analysis found that Recreational Gamblers had the most stable pattern of gambling behavior with 80.3% being Recreational Gamblers in both waves. Non-Gamblers were the next most stable group, with 64.4% being Non-Gamblers in both waves, but with a sizeable portion transitioning into Recreational Gambling in Wave 2. Only 49.4% of individuals who were Problem or Pathological Gamblers in Wave 1 were in this same category in Wave 2, with a sizeable portion transitioning into At-Risk Gambling and Recreational Gambling. Finally, At-Risk Gamblers were the most unstable, with only 37.5% being in the same category in both waves. Most of these individuals transitioned to Recreational Gambling, but a significant minority transitioned to become Problem or Pathological Gamblers. In general, these results are very similar to findings in cohort studies from other jurisdictions.

Implications and Future Directions

Results from the Massachusetts cohort study suggest that the incidence of problem gambling may be relatively high, despite the fact that casinos are not yet operating in the Commonwealth. If true, it would indicate that additional prevention and treatment resources for the state are required. The results also suggest that remission from problem gambling is quite high. If true, then additional treatment resources may be especially beneficial in accelerating such transitions.

The first priority going forward is triangulating the present results with other data sources to either confirm or disconfirm the high incidence found in the present study. More specifically, we intend to examine whether there was a significant change in: (a) the prevalence of problem gambling in the Baseline Targeted Population Survey in the Plainville region in 2014 compared to the Follow-Up Targeted Population Survey in 2017; (b) the prevalence rate of problem gambling in the Springfield region subsample of the Baseline General Population Survey in 2013/2014 compared to the Baseline Targeted Population Survey in the Springfield region in 2015; (c) the incidence of problem gambling in Wave 3 of MAGIC in 2016 relative to Wave 2 in 2015; and (d) any secondary data sources pertaining to problem gambling rates over this time period (i.e., Department of Public Health admissions data, Massachusetts Council on Compulsive Gambling helpline calls, Gamblers Anonymous chapters).

Future analyses will focus on predictors of problem gambling onset and whether there are gender differences in these predictors as well as predictors of problem gambling remission and the extent to which accessing treatment is one of these factors.

For the full report: <https://massgaming.com/wp-content/uploads/MAGIC-Wave-2-Report-1-10-18.pdf>

Play My Way Evaluation (Released on November 21, 2017)

This preliminary study was conducted by the Cambridge Health Alliance, Division on Addiction (CHA) and is part of a planned multi-year research and development agenda. The report includes a basic epidemiology of Marquee Rewards Card gambling records that provides sample characteristics, game characteristics, cash activity and gambling activity information. The PlayMyWay (PMW) records provided CHA with de-identified information about players’ budgets and notification activity.

- Of the 101,024 Marquee Rewards® cardholders who gambled at PPC during the study period, 8.8% (8,856) enrolled in PMW. Enrollees were divided into three types: 85.2% stable (i.e., enrolled in PMW and remained enrolled in the program for the period of this study); 1.3% erratic (i.e., enrolled, un-enrolled, and were enrolled in PMW at the end of the study period); and 13.5% dropouts (i.e., enrolled in the program, but at the end of the study period were un-enrolled from the program)
- PMW users had significantly more cash activity than non-users on slot machines and electronic table games. For example, during the entire study period, PMW users inserted significantly more cash into slot machines than non-users (difference of means = \$620.50, $p < 0.01$). They also withdrew more funds than non-users (difference of means = \$692.31, $p < 0.01$).
- With respect to gambling activity, PMW users tended to wager less money as well as lose less money per day compared to non-users. Whereas the median PMW-user wagered \$347.80 and lost \$47.50 per day, their non-user counterparts wagered \$485.30 and lost \$62.90.
- Overall, slightly less than two-thirds of all PMW users (63.0%) never exceeded their budgets; just over one-third of all users (37.0%) exceeded their budgets at least once during the study period.
- The vast majority of PMW users were from Massachusetts (78.4%) and other New England states.
- The PMW users had an average age of 54 and were significantly younger than the non-users.
- PMW and non-users visited PPC an average of 6.5 and 6.8 times, respectively, during the study period.

Mean, standard deviation, and median for non-user and PlayMyWay users’ measures of gambling activity

	Non-users (n=92,168)			PlayMyWay users (n=8,856)		
	Mean	SD	Median	Mean	SD	Median
Number of visits	6.8	14.2	2.0	6.5	14.9	2.0
Total amount wagered	\$7,862.1	\$41,579.9	\$882.8	\$6,252.6	\$32,009.6	\$574.2
Amount wagered per day	\$789.1	\$2,295.9	\$393.5	\$594.8	\$1,090.4	\$285.7
Amount wagered per week	\$922.2	\$2,2732.8	\$417.0	\$780.1	\$1,889.6	\$317.5
Amount wagered per month	\$1,651.4	\$6,183.6	\$512.6	\$1,542.8	\$5,866.0	\$386.6
Net winnings	-\$1,251.6	\$12,512.6	-\$127.6	-\$704.4	\$3,546.4	-\$89.4

Full report can be viewed at:

<https://massgaming.com/wp-content/uploads/PlayMyWay-Preliminary-Evaluation-11-21-17.pdf>

CHIA Manuscript: Comorbid pathological gambling, mental health, and substance use disorders: Health-care services provision by clinician specialty. Rodriguez-Monguio, R., Errea, M., and Volberg, R.A. 2017. *Journal of Behavioral Addictions*: 1-10. (Published online August 31, 2017)

With a sample of 869 patients, this study assessed co-occurring behavioral addictions and mental health disorders in treatment-seeking patients and estimated the likelihood of receiving care for these disorders by clinician specialty. The data were derived from the Massachusetts All-Payer Claims Database, representing detailed medical and pharmaceutical claims data for the period 2009-2013. The sample included all commercially insured adult residents of Massachusetts. Univariate and multivariate analyses were used to estimate the likelihood of provision of care by clinician specialty, adjusting for patient's demographic characteristics and level of care.

Prevalence rates for primary diagnosis among patients with pathological gambling as principal diagnosis, ICD-9-CM codes

	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2009-2012</u>	
Episodic mood disorders (296)	19	25.7%	23	23.2%	21	22.2%	16	18.8%	46	25.6%
Neurotic disorders, personality disorders, and other non-psychotic mental disorders (300-316)										
Anxiety, dissociative, and somatoform disorders (300.0-300.9)	20	27.0%	26	26.3%	27	28.4%	22	25.9%	50	27.8%
Psychoactive substance (303-305)	15	20.3%	17	17.2%	15	15.8%	14	16.5%	32	17.8%
Adjustment reaction (309.0-309.9)	9	12.2%	7	7.1%	9	9.5%	7	8.2%	17	9.4%
Depressive disorder, not elsewhere classified (311)	12	16.2%	13	13.1%	13	13.7%	10	11.8%	24	13.3%
Disorders of impulse control, not elsewhere classified (312.3)	7	9.5%	6	6.1%	8	8.4%	9	10.6%	17	9.4%
Patients with principal diagnosis when PG is principal diagnosis	204	50.1%	247	50.2%	229	50.1%	204	47.7%	447	51.4%
Patients with first diagnosis when PG is principal diagnosis	74	36.3%	99	40.1%	95	41.5%	85	41.7%	180	40.3%

- Treatment-seeking patients who had a diagnosis of PG were mostly males (71%), aged 45-54 years (27%), and enrolled in a health maintenance organization (47%).
- The most prevalent co-occurring disorders among patients with PG as principal diagnosis were anxiety disorders (28%), mood disorders (26%), and substance use disorders (18%). PG was associated with a more than twofold likelihood of receiving care from social workers and psychologists ($p < .05$).
- Depressive disorders were associated with a three times greater likelihood of receiving care from primary care physicians (PCPs) ($p < .05$).
- Having three and four or more diagnoses was associated with a greater likelihood of receiving care from PCPs.

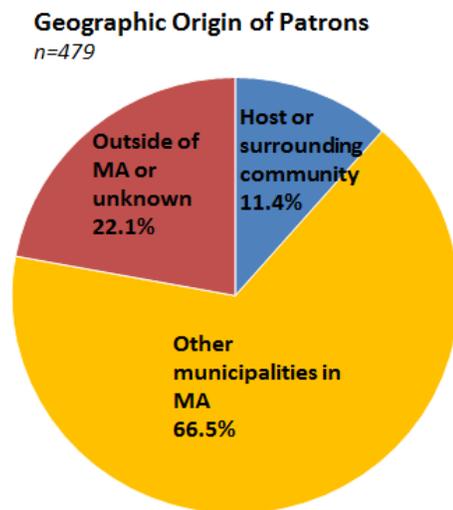
The study concluded that psychiatric and substance use disorders are prevalent among treatment-seeking pathological gamblers. The likelihood of receiving care from specialty clinicians varies significantly by clinical diagnosis and patient clinical complexity.

The full article can be viewed at: <https://www.ncbi.nlm.nih.gov/pubmed/28856904>

Patron Survey and License Plate Survey Report: Plainridge Park Casino 2016 (Released on October 26, 2017)

This study explores the geographic origin and demographics of people patronizing Massachusetts casinos. Asking patrons directly about their gambling and non-gambling expenditures during casino visits help the MGC and other stakeholders to better understand the economic impacts of the new gambling establishments in the Commonwealth. The study is also useful in understanding patrons' perceptions and experiences with the new venues and begins to track the impact of the GameSense program.

- The majority of PPC patrons were from Massachusetts, with **11.4%** from Plainville or nearby towns and another **66.5%** from other Massachusetts communities. Overall, **19.2%** of patrons were from outside the Commonwealth.
- Over half of all gambling, **58.3%**, and non-gambling, **50.4%**, spending by Massachusetts patrons at PPC is "recaptured." An additional **16.3%** of gambling spending by Massachusetts residents was "reallocated" from other goods and services.
- Residents of the Greater Boston area, which includes Plainville and several surrounding communities, account for the majority, **49.7%**, of recaptured gambling spending and **66.4%** of recaptured non-gambling spending at the casino. Most of the remaining recaptured spending is accounted for by residents in the Southeast region.
- There is a high awareness of the GameSense program, **59.9%** of patrons. Among patrons with an awareness of GameSense, **17.4%** reported interacting with a GameSense Advisor. Among this group of patrons, **98.6%** were satisfied with the information offered by the GameSense Advisor and one in four, **24.7%**, changed the way they gambled as a result.



Full report can be viewed at:

<http://massgaming.com/wp-content/uploads/Plainridge-Park-Casino-Patron-and-License-Plate-Survey-10-16-17.pdf>

Gambling and Problem Gambling in Massachusetts: Results of a Baseline General Population Survey (Released October 26, 2017)

This report summarizes findings from a large baseline general population survey of Massachusetts to assess gambling behavior and problem gambling behavior before any of the state's new casinos became operational. This is an updated version of the original report, published in May 2015, to reflect changes to the data weighting procedure. The Baseline General Population Survey took place between September 11, 2013 and May 31, 2014, had a response rate of 36.6%, and achieved a final sample size of 9,578 respondents. The report presents a comprehensive compilation of descriptive statistical results from the

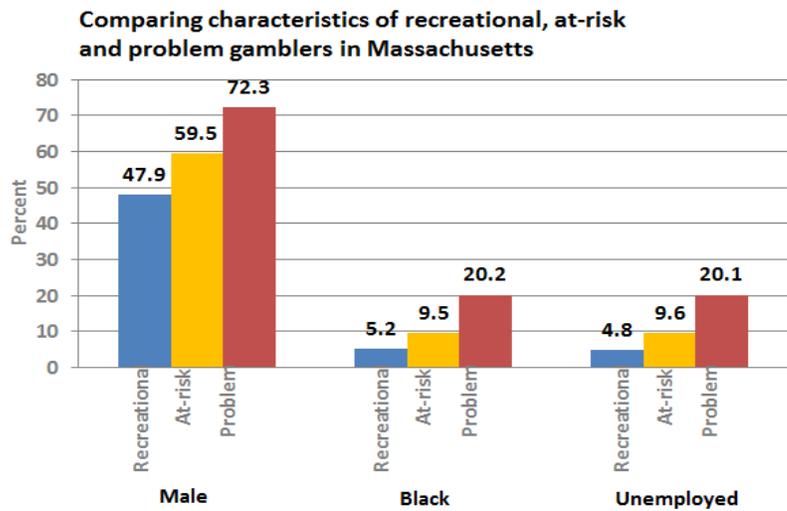
baseline survey, in the areas of gambling attitudes, gambling behavior, gambling problems, prevention awareness, and service utilization. Specific deliverables within the study include problem gambling prevalence, prevention awareness, and service utilization in Massachusetts.

Problem gamblers are individuals who experience significant impaired control over their gambling and negative consequences as a result of their impaired control.

- The current prevalence of problem gambling in Massachusetts is 2.0% of the adult population
- 8.4% of the population are at-risk gamblers
- Based on the percentages above, we estimate that between 83,152 and 135,122 adult Massachusetts residents are problem gamblers and between 389,776 and 488,519 adult residents are at-risk gamblers
- Nearly 2 in 10 Massachusetts adults (18.5%) reported knowing someone who they considered gambled too much.

There were significant differences in problem gambling prevalence associated with gender, race/ethnicity, and education.

- Men are 3 times more likely to have a gambling problem than women
- Blacks are 4 times more likely to have a gambling problem than Whites
- Individuals with only a high school diploma are 3 times more likely to have a gambling problem than individuals with a college degree



Awareness of existing problem gambling prevention initiatives in Massachusetts is quite variable.

- About 4 in 10 Massachusetts residents are aware of media campaigns to prevent problem gambling.
- Just over 1 in 10 of adults is aware of non-media prevention programs in schools and communities around the state. Of these, only a very small number had participated in such programs.

Among problem gamblers in the survey, only a very small number indicated that they would like help for a gambling problem or had sought help for such a problem. This contrasts with the estimate that between 83,152 and 135,122 Massachusetts adults currently have a gambling problem. The gap between this estimate and the small number of individuals who reported desiring or seeking treatment highlights a potentially underserved population that may be in need of treatment.

The full report can be viewed at:

<http://massgaming.com/wp-content/uploads/Updated-BGPS-Report-10-26-17.pdf>

Plainridge Park Casino First Year of Operation: Economic Impacts Report

(Released October 12, 2017)

This report summarizes Plainridge Park Casino’s (PPC) first twelve months of operation (July 2015 to June 2016) in an effort to understand how spending at PPC has affected the Massachusetts economy. To understand how spending at PPC impacts the Massachusetts economy, it is important to understand how these patrons would have otherwise spent their money if PPC had not opened.

- In total, patrons spent (i.e., PPC revenues) approximately \$172.5 million on gambling and non-gambling activities at PPC.
- Massachusetts residents who would have spent their money gambling in out-of-state casinos in the absence of PPC represented the majority of spending at PPC (i.e., \$100 million). This constituted 58.0% of spending at PPC, which represented “new” money to the Commonwealth.

- Massachusetts residents who otherwise would have spent their money elsewhere in Massachusetts represented \$36.6 million in spending at PPC which constituted 21.2% of spending. Compared to “recaptured” patrons, the economic impact of these patrons is more complex. The spending of these patrons has been reallocated from other Massachusetts businesses to PPC. Therefore, any positive economic impact which comes from an increase in revenue at PPC is accompanied by a negative impact elsewhere in the Commonwealth.

Sources of Spending at Plainridge Park Casino

Source of Spending	Spending (Millions of Dollars)	Share of Spending
Recaptured Spending by In-State Patrons	\$100.0	58.0%
Reallocated Spending by In-State Patrons	\$36.6	21.2%
Spending by Out-of-State Patrons	\$36.0	20.8%
Total	\$172.5	100.0%

- Out-of-state residents represent the remaining \$36.0 million dollars of spending at PPC, or 20.8% of overall revenues reported by PPC. The extent to which this spending is “new” to Massachusetts depends on whether these patrons would have visited Massachusetts in the absence of PPC
- Finally, in the course of visiting PPC, patrons also spent an estimated \$3.2 million in the Plainville area. This is money which would have been spent elsewhere if PPC had not opened.
- Regarding broader economic activity, over fiscal year 2016, PPC employed an average of 556 employees and paid \$17.8 million in wages.
- During the same period, PPC also supported \$19.1 million in spending on vendors, membership organizations, and charitable causes.
- In its first year of operation, on net, PPC created or supported 2,417 jobs in the Commonwealth, 1,633 of which were in the private sector. The remainder were government positions supported by the revenue generated by PPC.
- PPC also supported \$505.5 million in new output within the Massachusetts economy, \$362.4 million of which was value added (“new” economic activity or gross state product), and \$143.7 million in new personal income within the Commonwealth.

As part of Massachusetts’ Expanded Gaming Act, in addition to normal federal, state, and local taxes, PPC paid 49% of its gross gaming revenue to the state in the form of taxes and assessments. It has also entered into various agreements with the host community of Plainville and the surrounding communities of

Attleboro, North Attleborough, Foxborough, Mansfield, and Wrentham. Some of these agreements include payments to the communities. Taken together, in fiscal year 2016, PPC spent \$77.6 million in payments to various Massachusetts government entities.

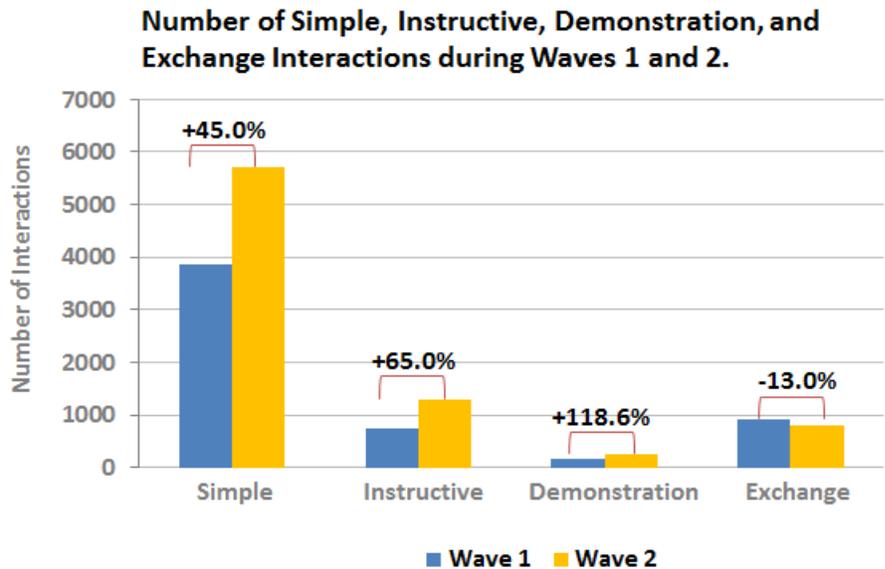
The full report can be viewed at:

<http://massgaming.com/wp-content/uploads/Plainridge-Park-Casino-First-Year-of-Operation-Economic-Impacts-Report-10-12-17-1.pdf>

Wave 2 Analysis of GameSense Program Activities & Visitor Survey: August 8, 2016 – February 7, 2017 (Full report anticipate release May 2018)

The primary goal of second GameSense evaluation (Wave 2) is to extend the evaluation of the program’s effectiveness by studying visitor’s knowledge of responsible gambling concepts, use of responsible gaming strategies and awareness of problem gambling resources while continuing an evaluation of the program’s safety and reach. Data was collected through GameSense Advisor (GSA) recorded checklists as well as 691 GameSense visitor surveys whose questions were divided based on first-time and repeat visitors.

- Exchange visitors typically avoid gambling myths that can be associated with gambling-related problems and use at least one strategy to keep gambling within personally affordable limits.
- Both first-time (87.7%) and repeat visitor (93%) Survey respondents reported that they would feel comfortable seeking help from a GameSense Advisor (GSA) for an emerging gambling problem.



- 94.3% of all respondents agreed or strongly agreed with the statement, “The GameSense Advisor I most recently spoke with gave me a new way to think about gambling.”
- First time visitor survey respondents correctly answered an average of 5.57 of 7 true/false questions designed to test their understanding of important gambling concepts such as the independence of slot machine play.
- 96.3% of all respondents recognized that excessive gambling can affect finances. Smaller majorities recognized the potential consequences of excessive gambling on personal relationships (61.7%) and mental health (53.2%). Less than half of respondents recognized that excessive gambling can affect physical health (44.7%).
- Across all interaction types, most interactions involved 1 or 2 visitors. Most Instructive (92.1%) and Exchange (62.0%) interactions began as Simple interactions.

- Overall, the total number of GSA interactions increased from 5,659 interactions during Wave 1 to 7,878 during Wave 2. This represents a 39.2% increase. Higher staffing levels, PlayMyWay launch, and GSAs' increased efficiency might explain these changes.

The full report is not yet available online.

Upcoming Reports and Studies

Massachusetts Gambling Impact Cohort (MAGIC)

- To date, three waves of data have been collected from a cohort of 3,139 adult Massachusetts residents. The study includes an over-sample of at-risk and problem gamblers drawn from the SEIGMA baseline population survey.
 - **STATUS:** Wave 3 MAGIC report is expected in June 2018. Wave 4 data collection will be completed by June 2018.

Social and Economic Impacts of Gambling in Massachusetts (SEIGMA)

- **The Social and Economic Impacts of Gambling in MA, 2018**
 - Report summarizing the social and economic impacts to date of introducing casinos into MA.
 - This first report will primarily focus on the impacts associated with Plainridge Park Casino.
 - **STATUS:** Report expected June 2018.
- **CHIA Manuscript: Longitudinal cohort**
 - Analysis of longitudinal CHIA cohort to compare remitting PG (828) to unremitting PG (153) from 2009 to 2013.
 - **STATUS:** A publishable manuscript will be submitted by June 2018.
- **CHIA Manuscript: Gender differences in healthcare utilization and costs**
 - Analysis of males and females in the CHIA dataset who received a diagnosis of pathological gambling any year between 2009 and 2013.
 - **STATUS:** A publishable manuscript will be submitted by June 2018.
- **Further Analyses of BGPS Data**
 - Further analyses of BGPS data include preparation and submission of publishable manuscripts based on (1) deeper analyses of the BGPS, (2) analysis of differences in predictors of problem gambling by gender, and (3) analysis of associations between problem gambling and specific forms of gambling.
 - **STATUS:** A publishable manuscript based on the deeper analyses was submitted in January 2018. Publishable manuscripts based on the other two analyses will be submitted by June 2018.
- **Alternative Weighting Technical Memo**
 - Exploring alternative weighting techniques—model-based estimates of gambling.
 - This approach, if successful, may translate to different populations, and avoid having to develop weights for each survey component of the SEIGMA and MAGIC projects.

- Memo describing proposed approach submitted to MGC in June 2017.
- **STATUS:** A plan to develop model-based estimates is expected in June 2018.
- **2nd Real Estate Report**
 - Report on the impact of casinos on real estate conditions in MA.
 - Provides a comparison to the 1st Real Estate Report which established a baseline prior to the opening of Plainridge Park Casino.
 - **STATUS:** Author, Dr. Henry Renski, is ill. Expected by late spring/early summer 2018.
- **Lottery Revenue Report**
 - To understand the impact of casino gambling on lottery sales over time and geographically.
 - **STATUS:** Expected by April 2018.
- **Social Impact and Economic Impact Factsheets**
 - Summaries of social and economic impact information aimed at general audiences.
 - **STATUS:** Expected June 2018.

Public Safety Research

- **Assessing the Impact of Gambling on Public Safety in Massachusetts Cities and Towns**
 - A report of crime and calls for service in Plainville and surrounding communities. The intention is to demonstrate, comprehensively, what changes in crime, disorder, and other public safety harms can be attributed directly or indirectly to the introduction of a casino and what strategies local communities need to implement to mitigate the harm. Allows police agencies the ability to respond if issues arise.
 - **STATUS:** The baseline report for Springfield and surrounding communities is expected in June 2018.

Data Storage and Sharing

- **Exportable Baseline General Population Survey (BGPS) dataset and codebook**
 - Awaiting specification from Research Review Committee on variables to upcode.
 - **STATUS:** Dataset delivery is expected by June, 2018.
- **Exportable Baseline Online Panel (BOPS) and Exportable Patron Survey datasets and codebooks**
 - Exploring options for data storage and dissemination practices.
 - **STATUS:** Dataset delivery is expected by June, 2018.
- **Shiny interactive web applications**
 - Interactive web apps for relevant social, health, and economic measures.
 - Stakeholders will be able to look at data trends within their own communities and the state.
 - Applications successfully piloted by the SEIGMA team on 2/27/18
 - **STATUS:** 5 new interactive web applications by June 2018.

Evaluation of Key Responsible Gaming Initiatives

- **Voluntary Self-Exclusion**
 - A longitudinal study of VSE enrollees
 - Provides information to improve the program and identify predictors of entry to the program that inform early intervention and prevention strategies.
 - **STATUS:** Participant recruitment has ended (November 30th). A final report is expected June, 2018.

- **GameSense Program**
 - Next steps for the evaluation include:
 - Report on PPC employee knowledge, use (personal and patron referral), and opinions about the GameSense program.
 - Report on GameSense questions asked during SEIGMA patron intercept study.
 - **STATUS:** Final Report summarizing GameSense evaluation efforts is expected May 2018.

- **Play My Way**
 - Next steps for the evaluation include:
 - A follow-up study using data which links player spend data with Play My Way data.
 - A patron survey exploring perception and utility of Play My Way.
 - **STATUS:** Data collection and analysis for the linked study is ongoing. Patron survey expected to launch by the end of March, 2018. Final report expected in June, 2018

Special Population Research

- The University of Massachusetts Boston, Institute for Asian American Studies is conducting a pilot study to develop and test methods for recruiting, screening, and conducting diagnostic interviews among Chinese immigrants living and working in Boston's Chinatown.
 - **STATUS:** Final Report is expected June 2018.
- JSI Research and Training Institute, Inc. is conducting a study of recreational and problem gambling among Black residents of Boston. The study is intended to build on the foundation of knowledge started by the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study.
 - **STATUS:** Final Report is expected June 2018.
- Bedford VA Research Corporation Inc. (BRCI) is evaluating the reliability and validity of the BBGS gambling screen to detect problem gambling among VA patients in Primary Care Behavior Health (PCBH) clinics. The study aims to evaluate the prevalence of problem gambling among veterans and its co-occurrence with other medical and mental health problems.
 - **STATUS:** Final Report is expected June 2018.

Massachusetts Gaming Commission Research and Responsible Gaming Research and Initiative Structure

SOCIAL AND ECONOMIC IMPACTS OF GAMBLING IN MASSACHUSETTS (SEIGMA)

SOCIAL IMPACTS

University of Massachusetts Amherst/SEIGMA team

Measures the social impacts of the legalization and creation of Massachusetts casinos, specifically:

- At-risk and problem gambling prevalence
- Problem Gambling treatment measures
- General attitudes towards gambling
- Patron engagement with Plainridge Park Casino
- Gambling behavior

ECONOMIC IMPACTS

University of Massachusetts Donahue Institute

Measures the economic impacts of the legalization and creation of Massachusetts casinos, specifically:

- Real estate
- State lottery
- Job creation related to the construction and operation of casinos

SPECIAL POPULATION STUDIES JSI Research and Training Institute, Bedford VA Research Corporation, UMass Boston Institute for Asian American Studies

The studies will be conducted on populations which were identified in the SEIGMA report as at risk but lacked enough detail to draw any strong conclusions. Populations include:

- Black Boston residents
- Chinese immigrants living and working in Boston's Chinatown neighborhood
- VA patients visiting the Primary Care Behavior Health clinics

MASSACHUSETTS GAMBLING IMPACT COHORT STUDY (MAGIC)

University of Massachusetts Amherst/SEIGMA team

Longitudinal cohort study which promises to provide new information about problem gambling incidence rates and behavioral trajectory.

- Establish raw number of new problem gamblers annually
- Identify variables of greatest etiological importance
- Determine whether proportionally more resources should be put into prevention or treatment

EVALUATION OF MGC RESPONSIBLE GAMING INITIATIVES

Cambridge Health Alliance, Division on Addiction

Evaluates the safety, effectiveness and reach of the various responsible gaming initiatives put forth by the Massachusetts Gaming Commission, specifically:

- GameSense (on-site responsible gaming program)
- PlayMyWay (budget monitoring tool)
- Voluntary Self Exclusion (allows individuals with gambling problems to voluntarily self exclude themselves from Massachusetts casinos)

SAFETY IMPACTS

Christopher Bruce, Crime Analyst

Measures the public safety impacts of the legalization and creation of Massachusetts casinos, specifically:

- Crime
- Traffic collisions



TO: Members of the Gaming Policy Advisory Committee

FROM: Mark Vander Linden, Director of Research and Responsible Gaming

CC: Enrique Zuniga, MGC Commissioner

DATE: March 27, 2018

RE: Proposed FY2019 Gaming Research Agenda

I am pleased to present the proposed FY2019 Massachusetts Gaming Research Agenda. Included in this memo is: 1) general description of each project, 2) specific deliverables/activities, 3) a reference to section of 23K which the deliverable relates to, and 4) a budget overview.

FY2019 brings significant challenges and opportunities as MGM Springfield prepares to open this September and Wynn Boston Harbor the following June. For example, the economic measures team plans to maintain focus on operational impacts at Plainridge Park Casino. At the same time, they will be very busy in Springfield and Everett as they gather data and report on construction impacts before ultimately transitioning to overall operational impacts. The social measures team is planning a series of activities with existing baseline and follow-up data to provide a deeper understanding of gaming related harm amongst different populations which is valuable for treatment and prevention services planning. The Massachusetts Gaming Impact Cohort ("MAGIC") team proposes to complete wave 4 and initiate wave 5 of the cohort study, in addition to conducting a deeper analysis of waves 2 and 3. In addition to the aforementioned projects, there are numerous other related activities as well as proposed public safety and special population research and responsible gaming evaluation.

The total budget to complete the work included in the proposed gaming research agenda is \$2,480,000. This is \$100,000 less than the FY18 budget and \$230,000 less than the FY17 budget. This downward trend in the budget will likely reverse as we plan, prepare and execute a follow-up general population study in 2020 and 2021.

As mandated in Chapter 23K, Section 71, I seek advice from the Gaming Policy Advisory Committee on the scope of this proposed research agenda. This advice will be shared with the Public Health Trust Fund Executive Committee when they meet on April 4th to discuss the budget, and determine programs, services and research funded from the Public Health Trust Fund.

I look forward to discussing this important work with you. Please don't hesitate to contact me if you have questions in advance of the meeting.

A. PlayMyWay Evaluation

Relates to: Chapter 23k, Section 29; Section 71 General

PlayMyWay is a play management program intended to help players make decisions about their gambling and monitor and understand their play behavior in real time. This program is part of a comprehensive approach to responsible gaming strategies implemented by the Massachusetts Gaming Commission with a particular focus on problem gambling prevention and customer protection practices.

The program has shown great promise both in terms of patron uptake and effectiveness. Because this is still a relatively new program and the body of evidence supporting play management programs is still in its early stages, it's important to continue to pursue formative evaluation of PlayMyWay.

Evaluation of Responsible Gambling Initiatives

Task	Output/deliverable	Practical Significance
Continue player record analysis to assess gambling and PMW in terms of safety, efficacy and impact	Deliverable: linked player record report	Rigorous evaluation is essential to measure effectiveness and refine and improve practice and policy. Findings will inform further refinement of the program at all casinos in MA
Advise on the development of a PlayMyWay program at Wynn and MGM		Consistent data collection across all casino properties allows for comparison

B. Social and Economic Impacts of Gaming in Massachusetts

Relevant to: Chapter 23k, Section 71

The SEIGMA study has established baselines for virtually all social and economic variables that may be affected by expanded gaming. Moving forward, data will be collected, analyzed and reported each year to identify the true social and economic impacts. This will provide key information to maximize the benefits and mitigate the negative impacts of expanded gaming in the Commonwealth.

Deeper Analysis and Reporting

Relates to: Section 71: (1) and (2)(iii)

Task	Output/deliverable	Practical Significance
Conduct deeper analyses of Plainville baseline and 1 year Follow-up Targeted Population Survey as well as two Springfield Baseline Targeted Population Surveys	Analyze changes in gambling attitudes, gambling participation, and problem gambling prevalence in host and surrounding communities between 2014 and 2016	When compared with Baseline TPS in Plainville & Springfield and surrounding communities, illustrates impacts of PPC after one year of operation and changes in attitudes & behaviors prior to opening of MGM Springfield

Data Sharing		
Relates to: Section 71: (2)		
Task	Output/deliverable	Practical Significance
Share Datasets from existing and ongoing SEIGMA projects	Exportable dataset	Other investigators will be able to access and use the data for their own analyses
CHIA Data Analysis		
Relates to: Section 71: (1) and (2)(iii)		
Task	Output/deliverable	Practical Significance
Application for Medicaid 2013-2016	Content to inform PG services evaluation Dataset for analysis in future years	Informs on profile of PGs seeking care in MA and co-occurring mental health and substance abuse disorders among those <u>without</u> commercial health insurance
Secondary Data Collection and Analysis		
Relates to: Section 71: (2)		
Task	Output/deliverable	Practical Significance
Update secondary data	Assure most up-to-date datasets are in the DMC	<ul style="list-style-type: none"> • Trend lines and Shiny apps can be updated • Provision of up-to-date research projects
Shiny interactive web application creation using secondary data	Interactive web apps for relevant social, health, and economic measures available to for public use. Deliverable—5 additional interactive web apps posted to website	Stakeholders will be able to look at data trends within their own communities & the state
MGM Patron and License Plate Surveys		
Relates to: Section 71: (2)(iv) and (3)(ii)		
Task	Output/deliverable	Practical Significance
Conduct first half of first patron and license plate surveys at MGM Springfield	Visits to venue to conduct patron and license plate surveys	An essential component of the economic analysis that will clarify patron origin and expenditure Inform the analysis of social impacts of the introduction of casino gambling in MA

Lottery Impacts from PPC and MGM Operations		
Relates to: Section 71: (2)(iv)(v)(vi)(vii)		
Task	Output/deliverable	Practical Significance
Collect data from MA State Lottery	Dataset containing up-to-date lottery sales data and population data (for a per adult by city analysis)	<ul style="list-style-type: none"> • Key data set for analysis of casino impacts on lottery spending • Will allow analysis of impacts of PPC, Year 3 and MGM, first 4 months of impacts
Analysis of lottery data using several methods including: impacts by business, drive time and route, mileage, impacts by game, sales volume	Information about lottery spending patterns in Massachusetts three years after the opening of PPC and during the first four months after the opening of MGM	Analysis of lottery sales and spending impacts
Operator Construction Spending (MGM; Wynn)		
Relates to Section 71: (2)(iv)(v)(vi)(vii)		
Task	Output/deliverable	Practical Significance
Obtain available operator construction data from MGM Springfield and Wynn Boston Harbor	Technical report analyzing construction spending impacts of MGM Springfield	<ul style="list-style-type: none"> • Impact of gambling on the state (construction spending impacts on employment and business spending) • Impact of gambling on businesses (business spending) • Impact of gambling on communities (economic impact on Springfield and surrounding region) • Economic impacts on depressed economic areas
Operator employment, payroll and vendor spending		
Relates to: Section 71: (2)(iv)(v)(vi)(vii)		
Task	Output/deliverable	Practical Significance
Analyze PPC operating impacts and write summary technical report	Data files containing operator employment and payroll data and vendor spending data Deliverable—Summary report analyzing operating impacts of PPC in year three of operations	Critical inputs for reporting and discussing direct economic impacts of operating phase.

Real Estate and Development: Update of Springfield Baseline Analysis		
Relates to: Section 71: (2)(iv)(v)(vi)(vii)		
Task	Output/deliverable	Practical Significance
Database development and updates	Deliverable—Technical memo identifying real estate and development updates for Springfield	<ul style="list-style-type: none"> • Update to baseline analysis of real estate conditions and trends before the opening of MGM. • Impact of gambling on businesses (downtown real estate), and communities (Springfield) • Economic impacts on depressed economic areas in Springfield
New Employee Survey Data		
Relates to: Section 71: (2)(iv)(v)(vi)(vii)		
Task	Output/deliverable	Practical Significance
<ul style="list-style-type: none"> • Monitor and plan surveys that must still be initiated as well as those that are in the field • Analysis of survey data • Ensure effective launch for surveys at MGM Springfield and at Wynn Boston Harbor 	Deliverable—Technical memo summarizing survey results and findings about new employees at PPC	<ul style="list-style-type: none"> • Data will describe casino employees at PPC • Economic impact on individuals (new employees) • Impact of the development and operation of the gaming establishment on small businesses in the host communities and surrounding communities
C. Massachusetts Gaming Impact Cohort (MAGIC)		
Relates to: Section 71: (3)(iii)		
Massachusetts Gaming Impact Cohort is a longitudinal cohort study that provides information about problem gambling incidence rates and the course of problem gambling in Massachusetts. MAGIC will yield information leading to treatment and prevention initiatives that are tailored to the needs of the people of the Commonwealth.		
Data Collection		
Relates to: Section 71: (3)(iii)		
Task	Output/deliverable	Practical Significance
<ul style="list-style-type: none"> • Complete Wave 4 and deliver data to MAGIC team • Prepare and conduct Wave 5 data collection 	Deliverable—completed Wave 4 dataset to be cleaned and prepared by MAGIC team Deliverable—updated materials for questionnaire and mailings to participants	<ul style="list-style-type: none"> • New wave of data from cohort to be prepared for analysis • Final wave of data from cohort before opening of MA casinos will be collected

Deeper Analyses and Reporting		
Relates to: Section 71: (3)(iii)		
Task	Output/deliverable	Practical Significance
<ul style="list-style-type: none"> Conduct deeper analyses of MAGIC Wave 2 data on incidence, transitions, changes in attitudes & gambling behavior, pre-casino Conduct deeper analyses of Wave 2 and Wave 3 data to understand predictors of transitions, pre-casino 	Deliverable – Report on Results	<ul style="list-style-type: none"> Contribute to understanding predictors of PG incidence and transitions in MA Increase efficacy of targeted prevention and treatment efforts
Conduct analyses of MAGIC Wave 2 and Wave 3 data to identify low-risk gambling guidelines specific to MA	Deliverable- Report of factsheet	<ul style="list-style-type: none"> Increase understanding of importance of engaging in low-risk gambling behavior prior to opening of MA casinos Increase efficacy of targeted prevention efforts

D. Study of Public Safety

Relates to: Section 71: (2)(ii)

The MGC is examining changes in crime, calls for service and collisions following the opening of casinos in MA. The intention is to demonstrate, comprehensively, what changes in crime, disorder, and other public safety harms can be attributed directly or indirectly to the introduction of a casino and what strategies local communities need to implement to mitigate the harm.

Task	Output/deliverable	Practical Significance
<ul style="list-style-type: none"> Collect and analyze police and traffic data for Plainville and five surrounding communities Conduct a survey of law enforcement personnel regarding impacts of casino in Plainville 	Deliverable: 30 month raw data monitoring report Deliverable: 3 year public safety report	<ul style="list-style-type: none"> Provides ongoing monitoring system of crime, calls for service and traffic. Allows for early detection and response to casino problems which may arise
Collect and analyze police and traffic data for Springfield and eight surrounding communities	Deliverable: 3 month initial scan/report for Springfield and surrounding communities Deliverable: 6 month report for Springfield and surrounding communities	Allows for early detection and response to casino problems which may arise
<ul style="list-style-type: none"> Establish data connection Collect and analyze police and traffic data for Everett and surrounding communities 	Deliverable: Baseline report of crime and calls for service for Everett and surrounding communities	Established a baseline of data to compare to data collection after the Wynn casino opens

E. Special Population Research

Relates to: Section 71: (3)(ii)

The objective of this research is to advance the knowledge regarding the introduction of casinos on population subgroups not reached by the initial general population baseline survey. In FY2018 three projects were funded:

- The University of Massachusetts, Boston Institute is conducting a study of gambling behavior among Chinese immigrants living and working in the Boston's Chinatown
- JSI Research and Training Institute, Inc. is conducting a study a study of recreational and problem gambling among Black residents of Boston
- Bedford VA Research Corporation Inc. is evaluating the reliability and validity of the BBGS gambling screen among VA patients in Primary Care Behavior Health clinics. The study aims to evaluate the prevalence of problem gambling among veterans and its co-occurrence with other medical and mental health problems.

In FY19, additional funding would allow further exploration of these groups and/or expand the project and examine other groups considered at-risk.

F. Other Research Activities

Research Peer Review

In order to assure only the highest quality research, the MGC has assembled an independent gaming research review committee. This committee is charged with providing the MGC and research teams with advice and feedback on gaming research design, methods and analysis. Where additional expertise is needed, the MGC seeks the advice of top academics and experts with specific subject matter expertise to review reports and advise on research matters.

Research Strategic Planning

As casinos move into operational phase, it's important to review the research agenda and assure the goals and objectives remain relevant. Engaging a strategic planning process will set short, medium and long range research plan, ensure the findings create the greatest benefit, and partnerships are maximized.

Research Consultant

A research consultant will coordinate the data transfer and access project, lead and facilitate the peer review process and advise the PHTF Executive Committee and MGC on research matters.

Data Transfer, Storage and Access Project

The purpose of the Data Transfer, Storage and Access Project is to provide access to data generated by research projects funded and overseen by the MGC. Datasets from existing and on-going research projects will become publicly available with certain parameters.

**Massachusetts Gaming Commission Gaming Research Agenda
Proposed FY2019 Budget**

A. PlayMyWay Evaluation	
TBD	\$190,000
B. Social and Economic Impacts of Gambling in Massachusetts	
UMASS, School of Public Health and Health Sciences	\$1,180,000
C. Massachusetts Gaming Impact Cohort	
UMASS, School of Public Health and Health Sciences	\$815,000
D. Study of Public Safety	
Christopher Bruce	\$30,000
E. Special Population Research	
Various/TBD	\$100,000
F. Other Research Activities	
Research Peer Review (Various/TBD)	\$45,000
Research Consultant (TBD)	\$55,000
Data, Transfer, Storage and Access Project	\$50,000
Research Strategic Planning (TBD)	\$15,000
Total	\$2,480,000

THE COMMONWEALTH OF MASSACHUSETTS



White Paper on Sports Betting

MASSACHUSETTS GAMING COMMISSION

Paul Connelly, Director of Licensing
Justin Stempeck, Associate Counsel

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TABLE OF CONTENTS

I.	What factors are important to the Commonwealth for consideration in a discussion of Sports Betting	1
	A. Historical Perspective	1
	B. What is the Potential Sports Betting Market Size	3
	C. The Evolving Nature of Sports Betting	5
	D. How are other states approaching Sports Betting?	7
II.	What are the possible legal outcomes of the pending Supreme Court decision and what would their effects be in Massachusetts?	8
	A. The Professional and Amateur Sports Protection Act and Christie v. NCAA, et al.	8
	B. Possible Supreme Court Outcomes and Potential Impact in Massachusetts	10
	1. The Court fully upholds PASPA	10
	2. The Court issues a narrow ruling authorizing New Jersey's Sports Betting	11
	3. The Court fully strikes down PASPA	12
	C. If PASPA falls, what hurdles remain?	13
III.	Framework for Approach	15
	A. Minimizing the Black Market	16
	B. Implementation Considerations	18
	C. Implementation Consideration: WHO	19
	D. Implementation Consideration: WHERE	22
	E. Implementation Consideration: WHAT	24
	F. Implementation Consideration: WHEN	26
	G. Implementation Consideration: HOW (Taxation)	26
	H. Implementation Consideration: HOW (Regulation)	27
IV.	Conclusion	29

INTRODUCTION

The goal of this white paper is to provide a roadmap for those seeking to learn about the current landscape of the sports betting discussion in the country and its possibilities in Massachusetts. While the basics of the Supreme Court argument are summarized in passing, this is not a detailed legal analysis of the arguments put forth in that forum. Instead, this paper examines the facts concerning illegal and legal sports betting in the United States and the various policy approaches to a regulated sports betting market in the Commonwealth. The possible fall of the federal ban on sports betting provides an opportunity coinciding with the rise of a nascent casino industry in Massachusetts. Recognizing that the first step in any decision is proper education on the subject, the Massachusetts Gaming Commission respectfully submits this white paper to the Legislature to aid in this endeavor.

I. What factors are important to the Commonwealth for consideration in a discussion of Sports Betting?

A. Historical Perspective

The gaming landscape in Massachusetts has changed drastically over the past seven years. Where previously the Commonwealth was known primarily for its horse racing and the success of its state lottery, since the passage of the 2011 Expanded Gaming Act (M.G.L. c. 23K), Massachusetts has been at the forefront of discussions concerning the future of gaming, both with respect to the impressive brick and mortar casino facilities being currently constructed as well as with respect to advances in online gaming, daily fantasy sports (DFS) and sports betting. These discussions have included thoughtful consideration of new gaming questions as well as the careful and responsible implementation of the Expanded Gaming Act.

The Expanded Gaming Act was crafted as a job creation and economic stimulus bill to take advantage of the untapped gaming market in Massachusetts. That consumer market had

long filled the coffers of neighboring states that provided legal gaming opportunities. The Gaming Act sought to create jobs, spur investment and development in the Commonwealth and retain local gaming dollars that had previously been spent in other states. In order to achieve these lofty goals, the Act provided for the licensing of three resort casinos in three separate areas of the state. The Act also permitted the construction and operation of a slots-only casino. Currently, MGM Resorts holds the Region B license and is nearing completion of the construction of a casino complex in Springfield which is slated to open in September 2018. Wynn Resorts holds the Region A license and is deep into construction of a facility set to open in June 2019. Plainridge Park Casino, the state's sole slot parlor opened in June 2015.

Recently, during the pendency of The Special Commission to conduct a comprehensive study relative to the regulation of online gaming, fantasy sports gaming and daily fantasy sports, that group heard testimony from representatives from the three casino licensees with respect to a number of cutting-edge issues, including sports betting. All three licensees favored the introduction of a sports betting product at their facilities. While there was no in-depth discussion of the details of how sports betting would be presented by the licensees, it is clear that the opportunity to add a sportsbook to their locations would not be overlooked.

The Expanded Gaming Act also placed the existing Racing Commission under the jurisdiction of the newly created Massachusetts Gaming Commission (MGC), placing oversight of Thoroughbred and Standardbred racing within the authority of the MGC. As horse racing has a long and storied history in the Commonwealth, it also provides a concrete example of a type of legal sports betting that has prevailed for decades. Further, many are unaware of the fact that the horse racing industry in Massachusetts introduced a form of online betting through advance

deposit wagering (ADW) back in 2001.¹ ADW allows a bettor to prefund an account and then place bets from that account on local and national horse races through telephone calls or the websites of numerous ADW providers, including Hollywood Races, XpressBet, TVG, Twinspires and NYRAbets. Notably, each of these ADW providers have corresponding mobile applications that any bettor can use on a smartphone, thus providing mobile, legal horse betting to any citizen of the Commonwealth.

B. What is the Potential Sports Betting Market Size?

One of the inherent difficulties with estimating the potential legal sports betting market size is the uncertainty that comes with any estimate of the illegal market size. Further complicating the matter has been the fact that most of the figures advanced in public reports are based on a national estimate of total betting handle and not revenue. Understanding the difference between the handle and revenue is critical for realistic expectations of sports betting revenue. The “handle” in sports betting refers to the total amount wagered, which is not the amount that would typically be taxed. Sports book operators typically clear roughly 5% of handle as gross gaming revenue. “Gross gaming revenue,” (GGR) is the amount wagered minus the winnings returned to players (before paying taxes and operating costs). For example, a handle of \$50 million would result in only \$2.5 million in GGR. So while there may be an extremely large handle for illegal sports betting, the taxable GGR is a much smaller percentage of that figure.²

¹ As used in this section, "account wagering" shall mean a form of pari-mutuel wagering in which an individual may deposit money to an account established through an agreement with a person licensed to conduct a running horse, harness horse or dog racing meeting and use the account balance to make and pay for wagers by the holder of the account which wagers may be made in person, by direct telephone call or by communication through other electronic media by the holder of the account to the licensee. G.L. c. 128A, § 5C.

² For example, in Nevada, the gross gaming revenue is taxed at 6.75%, thus using the scenario posed; the tax would only return \$168,750.00 on \$2.5 million in revenue.

Many estimates of the size of the illegal sports betting market in the United States have significantly exceeded \$100 billion annually, with the American Gaming Association estimating a \$150 billion annual market size and a recent study by H2 Gambling Capital estimating a \$192 billion annual market size.³ In contrast, a September report by the firm of Eilers & Krejcik Gaming estimates a black market size at a more conservative \$50-\$60 billion. Regardless of the exact figure it is safe to assume that the illegal sports betting market is in the tens of billions of dollars, if not over \$100 billion.

Although relatively little research has been conducted on state specific market size, the American Gaming Association did retain Oxford Economics to examine the economic impact of sports betting in May 2017.⁴ Oxford conducted numerous analyses of national and state data to estimate the tax revenue to various states based on a number of different scenarios. These scenarios examined three GGR tax rates: a “low” tax rate of 6.75%, a “base” tax rate of 10% and a “high” tax rate of 15%. The study also looked at three different models concerning the availability of sports betting: a **limited availability model** (sportsbooks only available at casinos, no online/mobile), a **moderate availability model** (casino sportsbooks and retail locations, no online/mobile) and a **convenient availability model** (casino sportsbooks, retail locations and online/mobile). Analyzing each availability model with the three prospective tax rates returned the following possible tax revenues⁵ for Massachusetts:

³ See “Illegal sports wagering reaches \$196bn or 97% of US market, according to H2”

<http://www.igamingbusiness.com/news/illegal-sports-wagering-reaches-196bn-or-97-us-market-according-h2-0>

⁴ <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf>

⁵ These revenues are derived from the various scenarios posed by the Oxford study.

REVENUE	LOW TAX OF 6.75% GGR	BASE TAX OF 10% GGR	HIGH TAX OF 15% GGR
Limited availability Revenue	\$8.6 million	\$11.9 million	\$15.2 million
Moderate availability Revenue	\$19.5 million	\$27.2 million	\$34.7 million
Convenient availability Revenue	\$31.9 million	\$45.2 million	\$61.3 million

To date this is the only Massachusetts specific market research we have discovered. While it necessarily can only provide an estimate based on the nine scenarios, the study shows the revenue generating potential of various versions of legal sports betting.

C. The Evolving Nature of Sports Betting

Given that opportunities for legal sports betting in the United States are currently limited, many are unaware of the advances in the field that have modernized the product in both the legal and the illegal contexts. Sports betting’s increasing popularity is reflected in the record setting handle of over \$500 million a month reported by the Nevada Gaming Commission for September, October and November of 2017. While bettors in Nevada can still physically place a bet at a sportsbook much of the business has now turned to placing bets online or via smartphone applications, the first of which was approved in 2010. As of 2018, there are eight different sports betting apps available in Nevada. These apps generate 25-50% of the entire sports betting handle for the state.⁶ Sportsbooks offer a variety of different types of traditional bets (point spread, money line, parlay, etc.) but the fastest growing area of betting is “in play bets.” “In play bets” allow a bettor to place a wager on a game that is already in progress.

While regulated sports betting in Nevada enjoys resurgent interest, sophisticated online illegal sports betting is easily available. A simple Google search for “online sportsbook” returns

⁶ <https://www.legalsportsreport.com/nevada/>

numerous providers that offer online betting options to U.S. customers regardless of the legal status of sports betting in one's state. Many of these operators also provide mobile apps that integrate seamlessly with the sportsbook to allow for bettors to place bets wherever they have access to their smartphone. These black market operators may appear legitimate at first glance, but they are unlicensed and unregulated. As a result, a disgruntled customer has limited recourse in the event of any complaint and no guarantee of any consumer protections for their money once it is sent to the operator.

Beyond the easy access to sports betting for anyone with an internet connection or a smartphone, there has been a significant advancement from the typical local bookie to the development of a "pay per head" model of sports betting. A "pay per head" sportsbook provides a software as a service type product where bookies receive access to a custom sports betting website where they can direct their customers. A "pay per head" has all of the accessories to rival online sports books including a betting menu, 24/7 player access, a wide variety of betting types including in-play bets, player profiles, live agents to take bets over the phone, technical support and a full slate of varied sports on which to bet. The service further allows the bookie to modify player profiles to set limits or cut off betting, both of which are integral where a bettor is allowed to make bets on credit. A sophisticated bookie can even change the lines on a particular game to balance out risk exposure. Using "pay per head" software, the bookie pays a weekly service fee to the software operator based on the number of players he brings in, generally the more players he brings in, the lower the average cost per player per week. While the software does all of the calculations for wins and losses, the bookie still collects losses and pays out winnings. The "pay per head" model offers the advantages of both worlds, combining the local

relationships that support a small sportsbook with the sophistication and technology of a polished online operation.

Just as the betting operations have become more sophisticated, bettors themselves have embraced technology, particularly in the age of cryptocurrency.⁷ With the popularity of bitcoin and other similar currencies, entrepreneurs began offering sportsbooks that accepted such anonymous tender without requiring any details of ownership. Many of the sites that host such operations do not even require users to provide an email address thus raising very real concerns about a host of consumer protection issues including player fund protection, fairness of contests, access to funds, as well as money laundering.

D. How are Other States Approaching Sports Betting?

There is no uniform approach emerging as other states grapple with the legalization of sports betting. There was extensive legislative activity in many states in 2017. That pace has only continued into the beginning of 2018, as reflected in the 2018 legislation filed to date and shown in this chart:

STATE	BILL	DESCRIPTION
California	ACA 18	Allows the legalization of sports betting if PASPA is overturned.
Illinois	H4214, S2478, S 3125, H 5186	Legalizes sports betting unless at existing gaming facilities unless prohibited by federal law
Indiana	S405, H1325	Legalizes sports betting unless at existing gaming facilities unless prohibited by federal law
Iowa	H592	Legalizes sports betting for existing licensees if PASPA is overturned.
Kansas	H2533	Legalizes sports betting solely at racetrack gaming

⁷ “Cryptocurrency is a digital asset designed to work as a medium of exchange that uses cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets. Cryptocurrencies are a form of digital currencies, alternative currencies and virtual currencies. Cryptocurrencies use decentralized control as opposed to centralized electronic money and central banking systems. The decentralized control of each cryptocurrency works through a blockchain, which is a public transaction database, functioning as a distributed ledger.” <https://en.wikipedia.org/wiki/Cryptocurrency>

		facilities.
Kentucky	BR155	Legalizes sports betting under the Kentucky Racing Commission
Maryland	S856, HB1346	Legalizes and regulates sports betting via referendum
Michigan	H4060, H4261, H4926	The first bill legalizes sports betting via a referendum. The second allows for parlay wagering. The final bill legalizes online sports betting (as long as consistent with federal law), casino games and poker.
Mississippi	H1113, H1154	The first bill legalizes sports betting on the physical premise of licensees. The second bill studies tax rates for sports betting.
Missouri	H2320, H2406, S 1005, H 2535, S 767	These bills provide differing approaches to legalizing and regulating sports betting .
New York	S1282, A5438	The bills legalize sports betting at racetracks and simulcast venues. New York has already legalized sports betting at its commercial casinos in the event that PASPA is overturned.
Oklahoma	H3375, S1175	These bills legalize sports betting.
Rhode Island	S2045	Subject to a change in federal law this bill legalizes sports betting at casinos.
South Carolina	H3102	This bill legalizes sports betting.
West Virginia	H2751, S106, S415, H4396	These bills legalize sports betting if PASPA is overturned.

As demonstrated above, proposed legislation varies in detail and complexity from state to state. The basic common thread is the march of many states from around the country towards the legalization of sports betting.

II. What are the possible legal outcomes of the pending Supreme Court Decision and what would their effects be in Massachusetts?

A. The Professional and Amateur Sports Protection Act and Christie v. NCAA, et al.

In order to place the current discussion over the future of sports betting in context, it is important to understand both the Professional and Amateur Sports Protection Act (PASPA), 28 U.S.C. § 3701 (1992), as well as New Jersey’s challenge to the statute. PASPA basically serves as a prohibition against any state action that would make sports betting legal (except for certain

grandfathered states, including Nevada). The most relevant and oft-discussed section of PASPA states:

It shall be unlawful for-

- (1) A governmental entity to sponsor, operate, advertise, promote, license, or authorize by law or compact or
- (2) a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity,

a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly (through the use of geographical references or otherwise), on one or more competitive games in which amateur or professional athletes participate, or are intended to participate, or on one or more performances of such athletes in such games.

28 U.S.C. § 3702 (emphasis added). These so-called PASPA ‘verbs:’ “sponsor, operate, advertise, promote, license or authorize by or law or compact” have been much discussed as their exact limits are murky.

The current fight over PASPA began in November 2011, when the voters of New Jersey approved a referendum which granted the state legislature the authority to amend the New Jersey Constitution to allow sports wagering. Subsequently in January 2012, the legislature passed a bill allowing the state to issue licenses to the state’s casinos and racetracks to permit gambling on sporting events. The bill was then signed into law. Before any regulations were promulgated, the NCAA, NBA, NFL, NHL and MLB filed an action in the United States District Court for the District of New Jersey to prevent the state from implementing the law asserting that it violated PASPA. The District Court found in favor of the leagues in February 2013. The state then appealed to the United State Court of Appeals for the Third Circuit to challenge the District Court’s decision. In a two-to-one decision, the Third Circuit affirmed the District Court’s decision against New Jersey.

Approximately a year later, New Jersey filed a motion with the District Court asking for clarification that the state was not required to criminalize sports betting and thus could eliminate laws on sports betting without technically violating PASPA. In October of 2014, New Jersey decriminalized sports betting at licensed racetracks and casinos. The leagues filed suit again and New Jersey lost. In March 2015, New Jersey appealed to the Fourth Circuit Court of Appeals and a three judge panel upheld the lower court ruling in a 2-1 decision. New Jersey then requested a full or “en banc” hearing by the Appeals Court. After the request was granted, the full court ruled against New Jersey in a 9-3 ruling. New Jersey then appealed the decision to the Supreme Court, which heard the case in December 2017. The primary question posed by New Jersey to the Supreme Court was whether PASPA “commandeers” states and requires them to maintain state-law bans on sports betting, thus violating the 10th Amendment.

B. Possible Supreme Court Outcomes and Potential Impact in Massachusetts

Since oral argument in December, legal experts have scrutinized the briefs and the questions posed by the Justices to speculate as to which way the Court is leaning. The general consensus from legal scholars and those that have been following New Jersey’s path to the Supreme Court is that New Jersey has a slight edge in obtaining a favorable verdict. Despite this opinion, there is no clear answer as to what such a favorable ruling would look like.

The various routes the Supreme Court could take fall into the following broad categories (these are not the only possibilities, simply the ones most widely considered):

(1) The Court fully upholds PASPA

Although it is possible that the Supreme Court would uphold PASPA in its entirety, it seems unlikely given that the Court chose to hear the case and extensively questioned counsel during legal argument with respect to the commandeering issue at the heart of the case. The

Supreme Court could have simply denied the writ of certiorari if it was going to leave PASPA unchanged. The Supreme Court receives 7,000 to 8,000 writs of certiorari each year and only hears approximately 80 oral arguments (roughly 1%). Thus, the decision to hear this case in that context cannot be overlooked. If PASPA is entirely upheld by the Supreme Court, there would be no effect on Massachusetts; sports betting is currently illegal and would continue to be illegal under state and federal law.

(2) The Court Issues a Narrow Ruling Authorizing New Jersey's Sports Betting

Alternatively, the Court could issue a narrow ruling that would grant New Jersey the right to offer sports betting but only in the context of the “partial repeal” of its existing laws, while maintaining the legality of PASPA as a whole. As noted above, New Jersey’s current dispute with the leagues came when it decriminalized sports betting at licensed racetracks and casinos. Thus, arguably New Jersey did not take any affirmative actions to “sponsor, operate, advertise, promote, license, or authorize” sports betting in contravention of PASPA. The Court could agree with New Jersey’s argument in this respect.

A decision on these grounds would create some practical difficulties for New Jersey because although it would technically have legal sports betting at licensed racetracks and casinos, there would be no state rules or regulations to govern its operation. In the event that the state attempts to impose such regulations, New Jersey could once again run into a conflict with PASPA and whether its actions constitute “authorization” of sports betting. It could seem counterintuitive to approve of New Jersey’s actions to allow sports betting in an unregulated form but curtail its ability to ensure that the industry was well managed and provided consumer protections. In reaching such a ruling, the Supreme Court could point out these dangers in an

effort to spur Congress to revisit PASPA to address these deficiencies in light of a changed gaming landscape.

In the event that such a narrow ruling is reached, the ruling would provide a roadmap for other states to follow. Such a ruling could lead to a number of states eliminating laws criminalizing sports betting at their licensed casinos, racinos and racetracks. The potential for other states to avoid PASPA prohibitions on sports betting by eliminating their own laws addressing the subject strongly suggests that the Supreme Court will do more than simply approve of New Jersey's approach.

Under this type of a ruling Massachusetts could follow the New Jersey approach and repeal prohibition on sports betting limited solely to licensed casinos / racetracks. However, it would run into the same problems with ensuring the integrity of the practice if actual regulation would simply lead to another PASPA violation.

(3)The Court Fully Strikes Down PASPA.

Alternatively, the Supreme Court could fully strike down PASPA, thus allowing states to address the issue of sports betting themselves. Many states would still need to address state constitutional bans or other state law prohibitions if they are interested in sports betting. However, states would no longer have to be concerned with their actions stepping into the vague penumbra of the PASPA 'verbs' mentioned above. A number of states have already prepared for this possible outcome and have enacted legislation that legalizes sports betting in the event that PASPA is overturned. These states currently include: Connecticut, Delaware, New York, New Jersey, Pennsylvania and Mississippi. Of course, many other states have pending legislation seeking to do the same thing, as referenced in section E above.

In the event that PASPA is overturned by the Supreme Court and Massachusetts is interested in legalizing sports betting in the Commonwealth, a number of state laws could be modified to address the topic. One efficient way to accomplish that goal would be to decriminalize sports betting under certain circumstances, such as when conducted with a state approved sportsbook operator. Additionally, Massachusetts would need to determine if regulation of the industry would be addressed specifically via statute or by regulation, as well as who should regulate the field. There has not been a consistent approach taken by other states that have addressed this issue. Some have crafted dense, detailed bills and others proposed broad legislative language that empowers an administrative agency with the ability to regulate the granular details. An additional option under this scenario would be the “omnibus approach” previously referenced in the MGC’s White Paper on Daily Fantasy Sports. Under that approach a regulatory body would be provided the authority to address the broad subject of online gaming (including sports betting) and thus could quickly react to an industry where change is constant. Settling on a Massachusetts approach is important where both neighboring Rhode Island and Connecticut have either proposed or passed legislation that would legalize sports betting in their respective states if PASPA falls.

C. If PASPA Falls, are There Other Legal Obstacles?

Even in a scenario where PASPA is eliminated, prospective sports book operators would still need to understand the potential application of another federal law, the Federal Wire Act 18 U.S.C. §1081. The Wire Act states in relevant part:

Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or

wagers, shall be fined under this title or imprisoned not more than two years, or both.

18 U.S.C. §1084(a) (emphasis added).

The Wire Act, which was signed into law in 1961, was originally crafted and used to fight organized crime and illegal betting rings. Recently, due to some confusion as to the reach of the Wire Act, the Department of Justice was formally asked for a clarifying opinion and produced one in 2011. In that opinion, the Department of Justice's Office of Legal Counsel (OLC) stated that "interstate transmissions of wire communications that do not relate to a 'sporting event or contest' fall outside the reach of the Wire Act."⁸ While this likely was a positive development for those seeking to offer other forms of online gaming, this clarification made clear that the main focus of the Wire Act is on sports betting.

Given the Wire Act's clear focus on sports betting, the question then becomes what practical effect would it have on a legalized sports environment in the Commonwealth? By the language cited above, the Wire Act prohibits the (1) interstate transmission of bets; (2) interstate transmission of a "wire communication which entitles the recipient to receive money or credit as a result of bets or wagers;" or (3) interstate transmission of "information assisting in the placing of bets or wagers." Importantly, some of these prohibitions are easier to understand than others. For example, under the Wire Act, Massachusetts sportsbook operators could accept bets only from those within Massachusetts in an effort to ensure that there is no "interstate" action. Similarly, a "wire communication which entitles the recipient to receive money or credit as a result of bets or wagers" strongly suggests that any payment processor associated with a legal sportsbook would need to be based in-state. The phrase "information assisting in the placing of

⁸ "Whether Proposals by Illinois and New York State to Use the Internet and Out-of-State Transaction Processors to Sell Lottery Tickets to In-State Adults Violate the Wire Act" United States Department of Justice. September 20, 2011. p. 1. Retrieved February 7, 2018.

bets or wagers,” is not as clear. Legal experts have questioned whether that phrase would prohibit professional sports leagues from transmitting sports data to legal sportsbooks or prohibit a national sportsbook operator from transmitting information on betting lines to other state based affiliates or subsidiaries. The Wire Act does contain an exemption that states:

Nothing in this section shall be construed to prevent the transmission in interstate or foreign commerce of information for use in news reporting of sporting events or contests, or for the transmission of information assisting in the placing of bets or wagers on a sporting event or contest from a State or foreign country where betting on that sporting event or contest is legal into a State or foreign country in which such betting is legal.

18 U.S.C. §1084(b)

In accordance with this exemption, the “transmission of information assisting in the placing of bets or wagers on a sporting event” from one state where sports betting is legal to another state where sports betting is legal would potentially be permitted as long as no bets are communicated between the states. Nonetheless, there is not yet an exact definition of “information assisting in the placing of bets or wagers.” Thus at its inception legalized sportsbooks will have to plan to only accept and process bets entirely within the Commonwealth.

III. Framework For Approach

As the Legislature considers whether or not to legalize sports betting, its evaluation will be guided by certain policy objectives. The introduction of a new aspect of the emerging gaming industry in Massachusetts presents an opportunity to bring a significant amount of gaming activity and revenues out of the shadows and into the legal market. With that transition would come the opportunity to cultivate the associated economic benefits – including tax revenues – while providing consumers of sports betting with protections not afforded them by illegal

bookmakers. While certainly not an exhaustive list, we would posit that among those policy objectives under consideration by the Legislature could be:

- A desire to transition sports betting activity from the black market to legal, regulated markets
- A desire to capture tax revenues from legal sports betting activities
- A desire to expand economic opportunities to potential local providers of sports betting and related industries
- A desire to identify and mitigate any potential negative externalities associated with the introduction of sports betting, including efforts to promote responsible gaming

The Legislature's appetite for legalization and the particular perspective it takes on addressing the policy objectives under consideration will have significant impact on the nature and conduct of a potential sports betting landscape in Massachusetts. Here are some of the high-level considerations to frame some of the most important issues and serve as a starting point for further analysis.

A. Minimizing the Black Market

Because of the advanced nature of illegal online sportsbooks, the "pay per head" operations and bettors utilizing cryptocurrencies to anonymize their actions, any legal competitor will need to offer a competitive product to minimize the appeal of the black market. While some bettors may choose to move into a legal alternative simply because it is legal, fewer will do so if the legal product is less sophisticated than what is easily available on the black market. Reducing the black market has multiple advantages to a state government considering sports betting legalization as doing so will drive bettors to legal, taxable alternatives that are regulated and provide for consumer protections of the public, thus benefiting both the state as well as the

bettors themselves. Reducing the size of the black market also has the potential to reduce enforcement costs associated with investigating and prosecuting illegal sports betting. There are a number of important elements to consider as critical for competing with the black market if sports betting is ultimately legalized, they include:

- **Online availability:** internet based sports betting is already here as exemplified by the multiple off shore sportsbook websites that are easily available to anyone with an internet connection. A legal alternative to these sites must be as convenient and as accessible to challenge the pervasive black market.
- **Mobile availability:** Much as with online, if current black market bettors are accustomed to the ubiquity of a mobile app for their illegal product, any legal version will need to offer similar convenience or risk being ignored.
- **Similar offerings:** Legal sportsbooks will need to offer a similar slate of contests to bet on and types of bets to make, including in-game betting. Any constraints on the most popular types of bets or types of games will discourage adoption of the legal product.
- **Taxes and Fees⁹:** Understanding the economics of a sportsbook and the relatively small margins involved in their operation, taxes and fees should be carefully considered. The active black market operators pay no taxes and no regulatory costs. So they already enjoy an advantage over any legal operator that would only be compounded by a high tax rate on legal operators.

⁹ There has been extensive recent discussion and lobbying efforts by the NBA and MLB to include a 1% fee on handle payable to the leagues in any sports betting legislation. Importantly, a 1% fee on handle equates to roughly a 20% tax on gross gaming revenue, significantly higher than many state tax rates and nearly three times Nevada's existing sportsbook tax.

- **Security/Consumer Protection:** Any legal sports betting product should be prepared to demonstrate its security credentials as well as its consumer protection policies. These elements, when backed by law and regulation, would allow legal sports betting products to distinguish themselves from black market offerings. Such characteristics could be aggressively advertised and marketed as a means to persuade black market bettors to move into the legal market.
- **Responsible Gaming:** A legal market presents the opportunity to provide responsible gaming tools to allow participants to monitor and manage their betting activity.

These are just some of the most relevant elements that should be examined when determining the specifics of a legal market product. Once relevant stakeholders enter the conversation in earnest, there will likely be dozens of nuanced issues to further assess; however, the six broad categories above encapsulate the lion's share of discussions taking place in state legislatures throughout the country.

B. Implementation Considerations

When considering the potential introduction of sports betting in Massachusetts and its attendant impacts, it is helpful to think through the following fundamental questions regarding how and where sports betting would be made available, and to what extent it would be allowed.

Who (i.e. which providers) should be allowed to participate in offering sports betting?

Where (i.e. through which access channels) should sports betting be allowed; brick & mortar, online, or both?

What types of bets and on which types of contests should sports betting be allowed?

When, and at what pace should sports betting be allowed; gradual rollout or all-at-once?

How should sports betting be taxed and regulated?

These questions, when contemplated within the framework of the overarching policy objectives bring to light many of the important issues regarding both the scope of a potential sports betting regime and the potential legalization strategies necessary for a thoughtful regulatory approach.

C. Implementation Considerations: WHO

The question of who will be allowed to provide sports betting is in some sense a function of whether it is seen as an activity suitable for new (and perhaps market-disruptive) entrants, or an extension of an existing regulated market. The Legislature will need to consider how broadly it wants to extend the opportunity to offer sports betting amongst a field of potential providers that ranges from established interests to as-yet-unknown entrants. Any stakeholder vying to provide sports betting will, however, have an interest in limiting the number of entrants in the market, as demand for sports betting is strong, but not unlimited. Additionally, stakeholders will likely perceive first-mover advantages in a marketplace that could get crowded as other northeast states consider legalization, as well.

Some potential providers are already invested in the gaming landscape of the Commonwealth such as the three casino licensees, as well as racetracks and off-track-betting facilities. These stakeholders may seek to maintain exclusivity over expanded gaming in Massachusetts in the case of the former (given existing investments and expectations of the market they entered), and seek additional economic security in the case of the latter. If sports betting is legalized and authorized to be offered online, there are potential implications with the Mashpee Wampanoag tribe that would need to be considered (see chart below)¹⁰. Additionally, the Massachusetts Lottery will certainly want to understand what impact, if any, sports betting

¹⁰ The Aquinnah Wampanoag Tribe is restricted to Class II games (e.g. bingo) which would not include sports betting.

might have on lottery sales and activity, and could consider becoming a provider of sports betting products as is the case in Delaware. Finally, depending on the approach a potential legalization strategy might take, there may be opportunities for new entrants into the market, whether existing operators looking to expand (either in brick and mortar shops, or offering online products) or new startups attempting to introduce innovative ideas and products to the market.

The table below provides an overview of potential providers of sports betting along with some relevant considerations:

POTENTIAL PROVIDER	DESCRIPTION	CONSIDERATIONS
Existing Gaming Licensees	<ul style="list-style-type: none"> - Plainridge Park Casino (Penn National Gaming) - MGM Springfield (MGM Resorts) - Wynn Boston Harbor (Wynn Resorts) 	<ul style="list-style-type: none"> - Have already made significant investments (licensing fee, capital investments) in MA - Have proven track record in other jurisdictions with sports betting - Already licensed and found suitable in MA - Have already expressed interest in offering sports betting, if legal
Racetracks / OTB	<ul style="list-style-type: none"> - Plainridge Park - Suffolk Downs - Raynham Park 	<ul style="list-style-type: none"> - Have experience with sports betting - Have experience with (online) Advanced Daily Wagering (ADW) services - Have economic need to support industry
Tribal Interests	<ul style="list-style-type: none"> - Mashpee Wampanoag Tribe 	<ul style="list-style-type: none"> - Can offer internet sports betting if internet gaming is authorized under Commonwealth and Federal law (See: Tribal-State Compact Part 4.3.2)
Lottery	<ul style="list-style-type: none"> - Massachusetts Lottery - Lottery Retailers 	<ul style="list-style-type: none"> - Have interest re: potential impact of sports betting on Lottery sales - Model of Lottery as a provider exists: Delaware

		<p>offers limited sports betting through state Lottery</p> <ul style="list-style-type: none"> - Availability could be restricted or extend to all Lottery retailers (akin to retail and kiosk model in UK and Quebec) - Adoption of sports betting as a product entails Lottery assuming increased risks
Brick & Mortar (New Entrants)	<ul style="list-style-type: none"> - Existing sports betting operators not currently licensed in MA could enter market as stand-alone providers 	<ul style="list-style-type: none"> - Existing sports books operating in US and Europe have extensive experience and are eager to enter a legal and regulated market in the US
Online Providers (New Entrants)	<ul style="list-style-type: none"> - Virtually all existing sports betting operators have online platforms - Existing fantasy sports operators could add products to include traditional sports betting - New entrants could enter the market, including “white box” providers offering standard sports betting platforms 	<ul style="list-style-type: none"> - While commonly accepted as the primary driver of industry growth and transition to legal market, concerns by policymakers about online may encourage a “wait-and-see” approach - Provides a wealth of data available for Know your customer measures, spotting problem gaming trends and providing assistance - Customer usage data can be used to aggressively market and encourage betting activity (push notifications, customized offers) - Robust data to support enhanced integrity monitoring

D. Implementation Considerations: WHERE

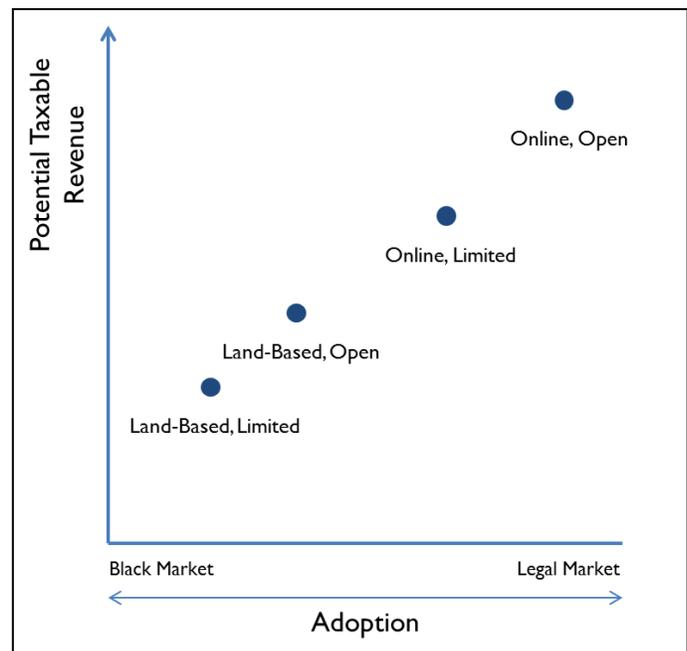
Where sports betting might be made available and through which modalities is an extension of who is allowed to provide it and is the primary driver of the accessibility of the product. For simplicity sake, one can consider two basic models: **brick and mortar** (where bets must be placed in person at an authorized provider), and **online** (where bets can be placed over the internet, using computers, tablets or smartphones). While complimentary and often offered together, there is an obvious tension between the two models. Unlike slots or table games, sports betting, as mentioned earlier, is a low-margin business (about 5%) and is viewed by brick and mortar casinos as a way to attract customers to spend on additional activities. In a February 2018 earnings call, Penn National Gaming's CEO Timothy Wilmott remarked "(W)e think the big advantage for us is the increased visitation that we'll see by having sportsbook operations at our regional properties where we can take advantage of that visitation with higher room rates, higher volumes of food and beverage revenues."¹¹ Most versions of online sports betting can be conducted without ever stepping foot in a casino, removing the opportunity to generate this additional spending. That being said, online sports betting comes in a variety of forms, from online betting allowed only within the physical bounds of a brick and mortar casino (supported by sophisticated geolocation technology), to online sports betting where customers must sign up at a land-based casino and bet through that casino's online presence, to completely independent sports betting platforms that can be set-up, wagered on and paid out entirely online.

Offering sports betting in brick and mortar casinos is the norm, however it co-exists with online betting in most jurisdictions where sports betting is legal. In most European countries, online sports betting is easily accessible, with accounts created and maintained entirely online and age and identity verification often performed by third party providers. In Nevada, all online

¹¹ <https://www.legalsportsreport.com/18322/penn-national-ceo-sports-betting-future/>

sports betting accounts must be initiated at a land-based provider, with age and ID verification conducted in person. Additionally, sports bettors in Nevada generally have to return to the brick and mortar operator to add funds to, or receive payouts from, their accounts. In many European jurisdictions these activities can be performed online using credit or debit accounts.

Most analyses indicate that online sports betting – based on its convenience and ability to rapidly evolve to match consumer demand – is the most attractive and overall lucrative channel for offering sports betting, and the most effective way to transition bettors from existing black markets to the legal market¹². In fact, online offerings are seen by many as essential to disrupting the existing relationships between sports bettors



ONLINE / BRICK & MORTAR MARKET MODEL

and illegal bookmakers.¹³ Eilers & Krejci Gaming – an independent research firm – conducted an analysis of the sports betting market in their paper *Regulated Sports Betting: Defining the U.S. Opportunity* and assert, “Our model suggests that a market incorporating both land-based and online sports betting products could be worth over two times a market that is restricted to land-based sports betting alone.” This model is echoed by the Oxford Economics study previously cited in this paper which found that, “Considering the impacts across the availability

¹² Oxford Economics projects sports betting markets (as measured by handle) ranging from \$83 million to \$287 million based on limited (land-based only) to convenient (land-based and online) availability.

¹³ (re: “Online/Brick & Mortar Market Model”) Additional factors influencing number of entrants into the market include: tax rate, licensing fees, other set-up costs. Adoption rate will also be affected by: quality and variety of products offered, ease of access

scenarios, the largest impacts are associated with the Convenient Availability Scenarios”¹⁴ (which includes brick-and-mortar plus online sports betting). However, recognizing the cultural leap that online betting represents (notwithstanding existing Advanced Daily Wagering activity currently underway in horse racing), along with the fact that existing land-based casinos often work to protect the investments they made in jurisdictions where they operate, Eilers & Krejci Gaming conclude, “But we are of the strong opinion that many – perhaps even most – states will choose to delay or forgo online.” While online sports betting offers the potential to provide rich, real-time user data that might be used to identify – and potentially mitigate – problematic gambling behavior, concerns abound about that same data being used to “reach out” and target consumers in sophisticated ways, which coupled with easy access to gambling platforms could stimulate problem gambling activity that otherwise would not occur.

E. Implementation Considerations: WHAT

In addition to where and how bettors can access sports betting, any legalized framework should consider what kinds of bets individuals are allowed to make and on which sports (or contests). Sports bets are traditionally placed on horse racing or other professional or collegiate sports (notwithstanding league or NCAA objections). However, increasingly eSports – multiplayer video game competitions – are attracting not only millions of viewers, but also significant betting activity. These contests present straightforward betting opportunities that fit within most Americans’ understanding of sports betting. Other, more exotic forms of betting include virtual sports, where the outcome of a computer generated event (such as a virtual soccer game) is determined by an algorithm, as well as a form of “futures” betting which where election and entertainment (e.g. reality show) outcomes are the contest on which wagers are made. Additionally, in-game betting where bettors place wagers on specific plays or events after a

¹⁴ Economic Impact of Sports Betting, Oxford Economics, p. 6

game or contest has already started, is increasingly popular. The range of available bets and contests present a varied set of products for customers to choose from, while each poses potential unique issues regarding the integrity of the underlying contests. Each of these types of bets are offered in various jurisdictions around the world and would need to be contemplated in any legalized sports betting schema.

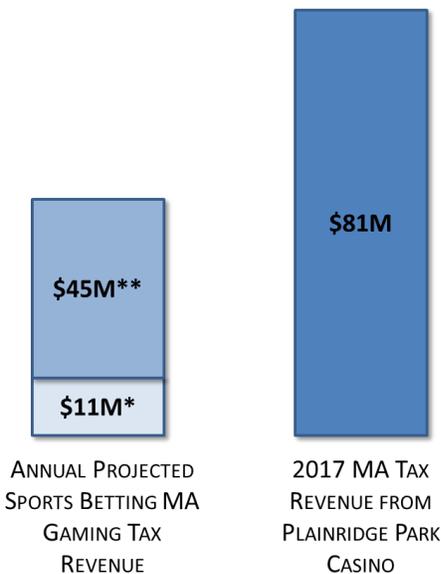
It goes without saying that the integrity of the underlying contests is of paramount importance in ensuring fair and viable sports betting. The organizations that offer the contests that are being bet on have a shared interest in ensuring the integrity of the games, as it goes to the core of why fans want to watch and bettors want to bet. Any doubt that games/contests are not totally spontaneous and not predetermined could be fatal to both the game/contest and the betting environment. The issue of integrity monitoring has been highlighted recently, as some professional sports leagues have argued that when states consider legalization efforts, that they mandate operators pay the leagues “integrity fees” to fund additional integrity monitoring. There are a number of public and very divergent viewpoints on the necessity, feasibility (and even equity) of such “integrity fees” to be paid to the leagues, that this white paper will not discuss. That being said, integrity fees (proposed as a percentage of handle instead of gross gaming revenue) must be considered within the context of the profitability of sports betting and the public policy desire to transition sports betting activity from the black market to the legal market. Simply stated, anything that reduces the limited profitability of sports betting (including taxation discussed later) will impact the odds and products that legal sports betting operators will offer. If the betting options are not attractive to bettors, there will be little incentive for bettors to leave the illegal market. Therefore, a careful impact analysis should be conducted when considering

the appropriate level of fees, taxes and other requirements that would have a direct impact on profitability.

F. Implementation Considerations: WHEN

As previously noted, anticipation of a New Jersey-friendly decision in the Christie case has inspired a number of states to make attempts to proactively legalize sports betting. Should the Commonwealth decide to join the move to introduce legalized sports betting, it will also need to consider at what pace to introduce it. Clearly, this will be impacted significantly by decisions on questions regarding which entities will be allowed to offer sports betting and whether there will be managed or open competition. This decision may differ slightly from the introduction of traditional casino gaming in Massachusetts in 2011, Sports betting may be largely seen as an extension of current casino gaming. The national implications of a potential PASPA repeal may spur a group of early adopters throughout the Northeast (a region that Eilers & Krejcik identified as potentially the most active region to adopt sports betting - in all its forms - in the country).

G. Implementation Considerations: HOW (Taxation)



** Projection based on Online, Open scenario
 * Projection based on Land-Based, Open scenario
 (Source: Oxford Economics Study)

Finally, one of the primary incentives for legalizing sports betting is to create a legal marketplace that is safer for bettors while also providing the Commonwealth the opportunity to collect tax revenues. Just as with the Commission’s White Paper on Daily Fantasy Sports, the issue of whether and how to impose taxes on sports betting is an issue solely for deliberation by the Legislature. We again note that the tax rates are high on casino gaming (i.e. slot and table games) where

the profit margins are high, and that typically sports betting is a lower margin (5%) endeavor. Also, while legalized sports betting presents an opportunity to capture significant, much needed tax revenue, it only represents a portion of the tax revenues that traditional casino gaming represents. By way of example, the Oxford Economics Study conducted for the American Gaming Association concludes that at a base tax rate of 10% of gross gaming revenue (Nevada, by contrast imposes a tax rate of 6.75% of gross gaming revenue) Massachusetts would stand to collect anywhere between \$11 million and \$45 million annually in tax revenue, depending on how widely available sports betting is allowed. In contrast, Plainridge Park Casino alone generated \$81 million in tax revenue (including the Horse Racing Development Fund) in 2017.

H. Implementation Considerations: HOW (Regulation)

When the Legislature considered allowing expanded casino gaming in Massachusetts with the introduction of M.G.L. 23K, it established a strong and clear framework for the economic landscape in which casino gaming would compete, and how it would be regulated. If the Legislature considers expanding the legal gaming environment in Massachusetts to include sports betting, a basic question is whether to employ a similar approach and craft a statute that anticipates both the policy and regulatory issues that will need to be addressed. Who will be allowed to enter the market as sports betting providers; how and to what extent will they be licensed; will online sports betting be allowed and by whom; what types of bets (e.g. “in-play” betting) will they be allowed to offer and on which contests (e.g. eSports, virtual sports); how will players be protected and what role will responsible gaming occupy in this activity are all questions that could be answered by statute. Alternatively, a statute could address the questions that impact the strategic landscape of who, where, what, and how and leave the particulars of the implementation of these questions to an empowered regulatory body.

When the Commission wrote its White Paper on Daily Fantasy Sports, the very legality of Daily Fantasy Sports (DFS) was in question. Discussion of DFS (which is conducted exclusively online) spurred conversations regarding online gaming, in general, and how it could and should be addressed. The concept of online gaming is again central to the discussion of sports betting, as sports betting activity increasingly moves online. Unlike DFS at the time (the lines between DFS and sports betting are beginning to blur as the potential for legal sports betting becomes clearer), sports betting is very much a known entity that fits quite cleanly into our existing understanding of gambling activity. Its online aspect, however, is potentially transformative in terms of redefining a gambling landscape to include this whole new class of gaming. Should the Legislature decide to allow online sports betting it may be prudent to consider the concept of an “Omnibus Regulatory Approach” that the Commission introduced in the Fantasy Sports White Paper. The concept was to define overriding public policy objectives and regulatory principles in statute and to broadly empower a regulatory body to tackle the issues regulating online gaming activity. This approach was suggested recognizing that online gaming is unique in that it is quickly deployed, highly malleable and responsive to new consumer demands. The concern is that with online gaming the pace of innovation and technological change can quickly outpace even the most nimble and contemplative statute. It would be important, should online sports betting be allowed, to consider and protect against online sports betting becoming the “Trojan Horse” for other forms of online gaming. This could be articulated in statute by strong definitional language or delegated to a regulator to monitor and address using an omnibus approach with jurisdiction broad enough to evaluate online gaming activities, and determine whether they meet the definition of allowed gaming.

CONCLUSION

This white paper is an attempt to provide some background, context and a high-level analytical framework should the Legislature consider legalizing sports betting, (which itself is a dependent on the outcome of the upcoming Supreme Court ruling in the Christie case). As noted, the decision in the Christie case alone may not determine the future of sports betting in Massachusetts, as there are still open questions as to the applicability of the WIRE act, and the potential of future legislation that may re-clarify the legality of sports betting. However, should Massachusetts have the opportunity to legalize sports betting, there are a number of questions at hand that will have broad impact, not only on who will benefit from sports betting as an operator, but also whether the overall gaming landscape in Massachusetts will be fundamentally transformed by the introduction of online gaming. The success of transitioning sports bettors from illegal to legal markets may depend substantially on how sports betting is made available as well as the quality of the sports betting products that are offered. Finally, a thoughtful taxation and regulatory approach can maximize the benefits to consumers through increased protections, maximize economic benefits to providers and downstream industries, and create a market that ultimately benefits all Commonwealth citizens by maximizing the potential tax revenues associated with sports betting.