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Plainridge Park Casino's First Year Did Not Reduce Lottery Sales Nearby or in State, UMass Amherst Report Says

AMHERST, Mass. – Researchers led by Rachel Volberg at the University of Massachusetts Amherst who are studying the effects of expanded casino gambling in the Commonwealth are reporting to the state Gaming Commission today that lottery sales have not decreased statewide, nor near the Plainridge Park Casino, during the first year after it opened in June 2015. “However, lottery revenues for agents nearer the casino grew more slowly on average than the rest of the state,” the new report states.

Volberg and Mark Nichols, professor of economics at the University of Nevada Reno (UNR), presented results of the Social and Economic Impacts of Gambling in Massachusetts’ (SEIGMA) recent report to the Gaming Commission at its meeting today at the commission’s offices in Boston. As casino gambling expands in Massachusetts, the Commonwealth has made protecting the state lottery a priority. As the researchers point out, lottery revenues are the largest source of unrestricted local aid in Massachusetts and the second largest source of all local aid.

Volberg and research colleagues at the UMass Amherst School of Public Health and Health Sciences (SPHHS), the UMass Donahue Institute, UNR and elsewhere, in 2013 received a \$3.64 million grant to conduct a first-of-its-kind, comprehensive, multi-year study on economic and social impacts of introducing casino gambling in Massachusetts. The team is examining a wide array of social and economic effects, including impact on state lottery revenues.

As Volberg explains, “Both statewide and nationally, there is concern about the impact of the introduction of casinos on lottery sales. In Massachusetts, we are in the fortunate and unique position of having detailed sales data from the Massachusetts Lottery that allows us to assess the impact of casino gambling on lottery sales over time and at different levels of resolution, that is, in host and surrounding communities, at different driving distances, and statewide.”

She and colleagues note that, “Following the opening of Plainridge Park Casino in June 2015, the present analysis shows that lottery sales have not decreased statewide or nearer the casino during the first year. We will continue to monitor lottery sales to determine if the first-year results reflect longer term trends and whether the much larger casinos planned for Everett and Springfield will have similar or different impacts on lottery sales in the Commonwealth.”

As the executive summary of the SEIGMA report points out, in fiscal year 2015, total lottery sales in Massachusetts were \$5.014 billion and its net profit was \$985.8 million, of which \$945.8 million was distributed to municipalities as direct local aid. Also in fiscal year 2015, Plainville received \$675,071 from the lottery, or 15.6 percent of the town’s total state aid and 2.3 percent of total receipts. The researchers add that, “Casino tax revenue will also contribute to local aid, with 82 percent of tax revenue from Plainridge Park Casino allocated to local aid.”

For this work, Nichols and the SEIGMA economics team at the UMass Donahue Institute received agent-specific lottery sales by fiscal year from the Massachusetts Lottery in order to

analyze changes in revenue at several levels, including statewide, in the host and MGC-designated surrounding communities near the casino, and for agents at different driving distances from the casino. They examined sales bi-weekly because recording of weekly sales can vary.

The researchers report that “on average, lottery sales did not decrease near the casino following the opening of Plainridge Park Casino. Lottery revenue near the casino grew more slowly than the rest of the state with the exception of Plainville, where lottery revenue significantly increased.” Plainville is the host community while Attleboro, North Attleborough, Foxborough, Mansfield, and Wrentham are the officially designated surrounding communities.

They add, “Whether the casino had differential impacts on communities or is the source of variation in lottery revenue cannot be definitively determined as variation in lottery revenue may stem from other factors. It is also important to recognize that this result is based on one year of data and may not reflect longer term trends.”

Other members of the research team from UMass Amherst are Edward Stanek, Rosa Rodriguez-Monguio and Martha Zorn of SPHHS, with Laurie Salame of Hospitality and Tourism Management. Robert Williams of the University of Lethbridge, Alberta; Mark Melnik, Rebecca Loveland, Carrie Bernstein, Rod Motamedi, Thomas Peake and Andrew Hall from the UMass Donahue Institute are also part of the team, along with Nichols at UNR.

A four-page executive summary as well as the full SEIGMA report will be available at:
<http://www.umass.edu/seigma/reports>

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