

MGC Research Snapshot

Social and Economic Impacts of Casino Introduction to Massachusetts

October 2024

What you need to know

The introduction of casinos to Massachusetts has significantly increased overall economic activity and employment in the state, particularly in regions proximate to the casinos. The casino tax on gross gaming revenue provides hundreds of millions in tax revenue that benefits state and local governments. While the economic gains outweigh losses, there are notable outflows of casino profits out of state and negative impacts on other industries. Casinos have not increased the prevalence of problem gambling, likely attributable to the ready availability of casino gambling in neighboring states. However, much of the additional economic activity comes from spending from people at risk of or experiencing gambling problems, who are estimated to account for 90% of casino revenue in 2021/2022. While the actual population prevalence of problem and at-risk gambling did not increase, the revenue drawn from this vulnerable segment of the population likely has increased. There have been fairly minimal negative social impacts of casino introduction, with the exception of issues such as slight increases in certain types of crime, traffic accidents, impaired driving, and shifts in public perception regarding gambling availability.

What is this research about?

Casino gambling was legalized in Massachusetts (MA) in 2011. In March 2013, the Massachusetts Gaming Commission (MGC) selected a research team from the University of Massachusetts Amherst (UMass) School of Public Health and Health Sciences to carry out the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study to investigate the impacts of future casinos to the state. The SEIGMA study is the most comprehensive investigation of casino impacts ever undertaken.

Extensive social and economic baseline data was collected prior to the opening of the three new casinos: Plainridge Park Casino (PPC) in 2015, MGM Springfield in 2018, and Encore Boston Harbor (EBH) in 2019. Extensive primary and secondary data were subsequently collected to identify potential impacts of casino introduction and 55 interim reports and academic publications on the impacts have been produced thus far. The present report is a summative report on the impacts to date that draws on the findings of these prior reports, supplemented with publicly available secondary data, information extracted from other agency reports, and a small amount of newly collected SEIGMA primary data. Please note that this report is designed to be high-level and accessible for a general audience. Readers seeking a deeper understanding of the specific methodology and statistical results are encouraged to refer to the original reports.

What did the researchers find?

The introduction of casinos in MA has had both positive and negative impacts on the state:

Positive Direct Economic Impacts:

- **Casino Construction:** \$2.81 billion total was spent on construction across three casinos (\$250 million for PPC; \$960 million for MGM; and \$1.6 billion for EBH) and casino construction supported full-time employment for thousands of employees, the large majority of whom were from MA.
- **Casino Operation:** \$1.1-1.2 billion annual Gross Gaming Revenue (GGR) has been generated in the past three years and an estimated \$321 million annual non-gaming revenue, as well as significant direct employment for MA residents, with between 4400-5000 people working at the casinos at any given time.
- **Casino operating expenses**, including tax revenues and payments, purchases from vendors, the annual lease, and annual wages, also provide significant direct economic benefits to MA, particularly for regions close to the casinos. MA state revenue from the GGR tax has increased from \$78 million in FY2016 to roughly \$330 million in FY2023. This money is distributed to 12 different funds in MA, with the largest being Local Aid to MA's 351 cities and towns.

Positive Social and Health Impact:

- New recreational opportunities for MA residents with the introduction of casinos



Negative Economic and Fiscal impact:

- **Outflow of Casino Profits:** While the economic gains clearly outweigh the losses, significant outflows still occur in the form of sizable annual casino profits that leave MA. This is because all three casino companies are owned by corporations headquartered in other states and have no other properties in MA.
- **Negative impacts on other industries:** Approximately 75% of casino employees transitioned from other full-time jobs, resulting in workforce reductions in other sectors; between 46.1% and 79.9% of casino patrons reported spending less on other goods and services, particularly in restaurants and bars and other types of gambling.
- **Low Wages:** Only 39.1% of casino employees earn a living wage for their county, though this is higher than what is found in the broader Accommodation and Food Services sector.

Negative Social and Health Impact:

- **Problem Gambling Revenue:** There was an increase in the proportion of casino revenue derived from people at-risk of or experiencing gambling problems. This percentage rose from 74% in 2013/2014 to 90% in 2021/2022.
- **Public Perception of Gambling Availability:** Most MA residents (68%) now believe that gambling 'is too widely available', which compares to only 16% prior to casino introduction.
- **Crime:** A small increase in certain types of crime at the casino and Host & Surrounding Community (H&SC) level as well as a small but significant statewide increase in illegal gambling.
- **Traffic:** There is some increased traffic volume near casinos, as well as traffic accidents and impaired driving.

Additional Findings

- **Prevalence of Problem Gambling:** There was no significant change in the past year prevalence of problem gambling at either state or H&SC level from 2013 to 2021, although there is some evidence of a temporary statewide increase in 2018 and 2019.
- **Demographics of Problem Gambling:** There was no significant change in the demographic profile of people experiencing gambling problems, with the exception that people experiencing gambling problems in 2021/2022 were somewhat younger than in 2013/2014.
- **Treatment Seeking for Problem Gambling:** Some evidence of a decline in the level of treatment seeking for problem gambling.
- **Bankruptcy:** There has been a decrease in personal bankruptcy filings at both a state and H&SC level since 2013.
- **Family Impact and Suicide:** No evidence of an association with the level of adverse family indices (divorce, separation, restraining orders, domestic violence, child welfare/maltreatment) and number of suicides at either a state or H&SC level.

About the researchers

Rachel A. Volberg is a Research Professor in the School of Public Health and Health Sciences at the University of Massachusetts Amherst. She is the Principal Investigator for SEIGMA as well as the lead for the Social Impacts Team. Robert J. Williams is a Clinical Psychologist and Professor in the Faculty of Health Sciences at the University of Lethbridge, in Alberta, Canada as well as a Research Coordinator for the Alberta Gambling Research Institute. He is the Co-Principal Investigator on the project as well as a member of the Social Impacts Team. He is the lead author on the present report. Mark Melnik is Director of Economic and Public Policy Research at the University of Massachusetts Donahue Institute. He is the lead for the Economic Impacts Team. For more information about this study, please contact Rachel Volberg at rvolberg@schoolph.umass.edu

Recommendations

1. **A fourth casino in Region C** would likely produce additional out-of-state casino recapture without a significant negative social impact. However, MA residents already believe that gambling is too widely available and overall casino patronage in MA appears to be declining.
2. **Reduce financial reliance on people at risk or experiencing gambling problems, as the 90% of revenue from this 9.9% of the population is much too high**, through:
 - i. Automated alerts to gamblers showing risky behavior
 - ii. Rewarding responsible gambling rather than total gambling expenditure
 - iii. Restricting ATM access and/or withdrawal amounts
 - iv. Implementing mandatory pre-commitment and/or incentivizing voluntary use of pre-commitment
 - v. Implementing and promoting third-party initiation of self-exclusion
3. Conduct **periodic reassessments** of these findings.
4. **Perform a comparable study on the socioeconomic impacts of sports betting and online gambling:** The above findings do not apply to legalized sports betting or online gambling as the economic benefits of these formats appear to be much smaller and the risk of social harm is likely much greater due to lack of prior exposure.

Citation

SEIGMA Research Team (2024). Social and Economic Impacts of Casino Introduction to Massachusetts. Amherst, MA: School of Public Health and Health Sciences, University of Massachusetts Amherst. October 2024

Key Words

Economic Impact, Social Impact, Public Safety Impact

About this Snapshot

MGC Snapshots are intended to translate lengthy and sometimes technical reports into an easily understandable overview of the research. The findings and recommendations in the Snapshot are those of the researchers and do not necessarily reflect the position of the MGC.

