

Twin River pushes for gambling referendum

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PROVIDENCE, R.I. — Amid questions about how much Rhode Island's first casino license is worth, the operators of the Twin River slot parlor went to the State House Wednesday to plead their case for a voter referendum on their bid to turn the former dog track into a full-scale casino with blackjack and other table games currently banned in Rhode Island.

They brought promises of 650 new jobs in the Lincoln gambling hall and the businesses that feed it, including 378 at Twin River alone. They brought a glowing letter of endorsement from the secretary-treasurer of the 7,500-member Teamsters, Local 251, that said: "Nothing is as important to me, my fellow leaders of Local 251, and in fact, our entire membership than securing and keeping good paying jobs in Rhode Island."

But the Narragansett Indians' Chief Sachem Matthew Thomas was not alone in questioning why the lawmakers would consider giving the owners of the privately owned Twin River the opportunity to become Rhode Island's first and only casino without requiring a licensing fee.

Remembering the legal, political and financial hurdles his own tribe faced in trying to persuade lawmakers to put his own tribe's doomed casino proposal on the ballot, Thomas told the House Finance Committee: "We were forced to commit to a \$100-million licensing fee up-front.

"Even Massachusetts has asked for up to \$250 million in up-front licensing fees," Thomas said. "This legislation has \$0 for a licensing fee ... Where's the taxpayer protection? Is it a 'work it out later' deal?" No votes were taken Wednesday, and no questions about the potential for a licensing fee were asked of the Twin River executives who testified at Wednesday's committee hearing, though CEO George Papanier said Twin River was willing to talk specifics with the state at any time.

But when House Speaker Gordon D. Fox was asked a short time later whether lawmakers were likely to approve the proposed 2012 referendum before wrapping up their regular session next month, he said, they first need to assure themselves "the financial projections are real," and he personally considers a licensing fee as "one of those discreet issues that needs to be explored."

"I tend to support licensing fees," Fox said.

There was no direct response from Twin River's owners to his comments or to the arguments raised during the hearing by the Rev. Eugene McKenna, leader of the Rhode Island anti-casino drive, and Les Bernal, executive director of the Washington-based Stop Predatory Gambling.

Asserting that "casinos make 90 percent of their profits from 10 percent of the gamblers," Bernal said: "It is the most predatory business in the country and its business model is based on addiction and pushing people into debt — a truth that remains unchanged whether they are operated by a Native American Indian tribe, a dog track, the local fraternal organization or state government."

Open around-the-clock now, Twin River is home to about 4,750 electronic gambling machines, including virtual blackjack, placed there by the state Lottery under terms where the state keeps roughly 61 cents out of every dollar a gambler leaves behind.

This year's bill, sponsored by Rep. William San Bento, D-Pawtucket, does not specify the state's share of revenue from the 100 or more table games that Twin River wants to add to its gambling menu. This was one of the unanswered questions that former Gov. Donald L. Carcieri cited last year when he vetoed an earlier bill to place Twin River's casino bid on the November 2012 ballot.

Then as now, Twin River's owners stressed the potential threat to Rhode Island's third-largest source of state revenue if Massachusetts jumps into the gambling business with one or more resort-style casinos and slots at its tracks.

"The threats are significant and could be devastating," John Taylor, chairman of the Twin River board of directors, told the lawmakers again Wednesday. "Over half of our customers today come from Massachusetts. Many strongly believe that casinos in Massachusetts are a question of when, not if. And, we, as a business, need to be able to react and prepare for the fight ahead."

In his analysis, Twin River's consultant at The Innovation Group assumed: there would be 65 table games initially, but no limit on the number of "competitive" table games that Twin River could ultimately offer and an "effective tax rate of 12 percent of gross table game revenue."

That would reduce Rhode Island's share of Twin River's gambling revenue to a projected 53.68 percent.

According to consultant Steve Rittvo, that would still be higher than the effective gaming tax rates in 11 other states, including Connecticut, New Jersey and Nevada. Were it any higher, Rittvo said, Twin River's owners wouldn't be able to effectively market the casino.

Rittvo projected that Twin River's gross revenue would increase from an assumed \$449 million in fiscal year 2013 with slots only, to \$568.5 million with table games, with the state and local taxes growing that year by a projected \$22.5 million, compared with a potential loss of at least \$75 million (27 percent) if Massachusetts allows casino gambling and Twin River is unable to compete.

Asked by Rep. Laurence Ehrhardt, R-North Kingstown, why his analysis did not show how much Twin River might gain or lose in the face of competition from Massachusetts if it had table games, Rittvo said there were too many unknowns, and it could go either way, but table games would at least mitigate Twin River's losses.