

In Massachusetts, casinos provide jobs, taxes, child care and skating rinks

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If a casino opens in Springfield, Mass., as local officials hope, it will have a child care center for casino employees, and at least 90 percent of the employees will be from the local area. The casino will underwrite 12 shows a year at local entertainment venues and buy at least \$50 million of its products and services annually from local vendors.

Springfield officials [exacted those perks](#) – on top of \$25 million in annual payments – from MGM Resorts International because Massachusetts’s casino law authorized them to. There’s no such provision in New Hampshire’s casino bill, which is headed to a House vote this month.

Kevin Kennedy, Springfield’s chief development officer, said the provision was “tremendously” helpful.

“What it allows is for the casino to be a local economic development project and for the city to share in those benefits,” Kennedy said. “If we didn’t have the ability to negotiate a host community agreement, I’m not sure there would have been much. You’re just down to (granting) zoning permits.”

Everett, Mass., recently hammered out [its own agreement](#) with Wynn Resorts, which wants to build a \$1.2 billion casino on the Mystic River. In addition to \$30 million in advance money and annual payments of \$25.25 million, Wynn Resorts must give locals preference when hiring. The casino also must purchase \$50,000 in gift certificates annually from local vendors for its guest loyalty rewards program.

“It was extraordinarily valuable,” Dave Rodriguez, one of Everett’s attorneys, said of the Massachusetts provision. “It didn’t allow something to happen to us. It allowed something to happen with us. It put the city in the driver’s seat.”

Cezar Froelich, a Chicago attorney who advises cities, states and developers on gambling projects, helped Springfield negotiate its deal with MGM International. He said host community agreements are becoming more common; he’s also seen them in Michigan, Illinois and Louisiana.

Massachusetts's law was the first time, though, that Froelich had seen an agreement also cover abutting communities. "It gives the town a little more flexibility, and it puts the town in a position where it has the power to negotiate," he said.

The 3 percent plan

New Hampshire's casino bill, which envisions a single casino, doesn't ignore the local community or neighboring towns. It accommodates them differently.

The New Hampshire bill, like the Massachusetts law, requires a casino to get a city's or town's approval before it can build. The big difference is this: The bill says the host community will get 3 percent of net revenue from the casino's slot machines annually. That would be on top of the local property taxes a casino would pay. Abutting communities would get 1 percent of slot machine revenue each year.

Sen. Lou D'Allesandro, a Manchester Democrat who co-sponsored the casino bill, said he thinks the host community and abutters make out better under his bill.

"Getting that 3 percent allows them to do anything they want to do," D'Allesandro said Friday. "It's estimated to be \$10 million or more each year. You could build a lot of parks with that."

In terms of dollars, D'Allesandro is right.

Froelich said if you added up the cost of the perks and payments in most host community agreements, they'd equal 1¾ percent to 3 percent of the casino's annual net revenue. He said New Hampshire's proposed 3 percent payment to the host community "is on the high end of what's reasonable."

Still, Froelich sees a benefit to having a host community agreement: The agreement is a contract that carries consequences if broken. There's no guarantee behind promises made in legislation.

That's what concerns Rep. Patricia Lovejoy, a Stratham Democrat who is chairing a House subcommittee studying the community impacts of the casino bill.

"That revenue (to the towns) is set in legislation, and a future Legislature can completely change that," Lovejoy said. "Any future Legislature could put all of the (casino) funds to the general fund. It could change it to give more funds to the county instead of the local towns. Any distribution of any funding that is in any bill is only good for one term."

Lovejoy pointed to Maine, where lawmakers are considering a bill to reallocate casino revenue less than three years after legalizing expanded gambling. Under the bill, the state would take all the casino revenue for public education, eliminating the 2 percent take that Oxford, Maine, gets now for hosting a casino.

Oxford Town Manager Michael Chammings told Maine lawmakers last month the shift would be "devastating" to the town, according to a report in the Sun Journal.

State debate

New Hampshire's casino bill, which has the support of Gov. Maggie Hassan, cleared the Senate earlier this year, 16-8, without difficulty or much debate. The "host community agreement" called for in Massachusetts law was not explored.

It likely will be during the House debate.

Lovejoy said Friday that she has circulated Springfield's agreement to members of her subcommittee as well as another subcommittee studying the regulation aspects of the casino bill. The subcommittees are scheduled to convene Thursday to share their thoughts on the bill. Members of both subcommittees said Friday they plan to raise the host community agreement provision during that discussion.

"I do feel like this is something important to have in our legislation," Lovejoy said. "I think it's great that it gives the local community some say in what's going to happen in their community up front. I'm always in favor of local control, and this agreement seems to give a significant amount of control to the local level. In our legislation, the control is at the state level."

Froelich shared one concern about giving local communities the authority to exact agreements from a casino developer. "If the town isn't sophisticated or doesn't hire the right people (to advise it), it can end up with a deal that isn't as good as 3 percent," he said. "You need to understand both sides of the business."

Massachusetts's law provides communities money to hire experts for casino agreement negotiations. Elaine Driscoll, spokeswoman for the Massachusetts Gaming Commission, said the money is taken out of the \$400,000 application fee casino developers must pay the state for a chance to bid on one of three licenses that will be awarded.

Communities initially get \$50,000 but can get more if that doesn't cover their expenses.

Rodriguez, the attorney in Everett who helped negotiate that community's agreement, said the money allowed Everett to hire a law firm, traffic consultants, planning consultants and a harbor consultant, a speciality he said was needed because the casino is slated for the riverfront.

"It worked for us," he said. "It definitely worked out for us."

Springfield was in a stronger position to negotiate because it had three casinos interested in the city, Kennedy said. As chief development officer, he required each of the three casinos to pay the city \$50,000 for the first phase of the negotiation process. To proceed to the second phase, the casinos had to pay the city an additional \$250,000. Two did, Kennedy said.

With that money, he hired Froelich of Chicago and several other consultants with expertise in traffic, economic development, financial matters, engineering and more.

When the city chose MGM International, Kennedy included a clause in the contract requiring the casino to pay any ongoing costs the city incurs as a result of the casino development.

“We conducted a very extensive analysis, and it didn’t cost the city a penny,” Kennedy said.