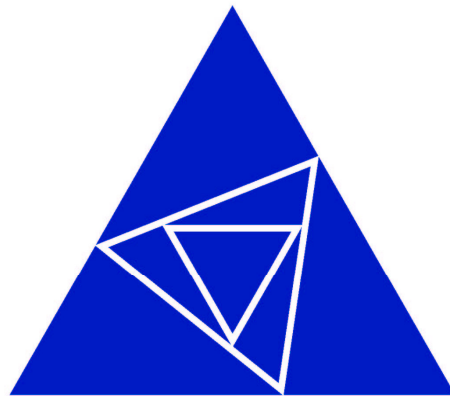


NEW ENGLAND CASINO GAMING



UPDATE, 2009



CENTER FOR POLICY ANALYSIS
UNIVERSITY OF MASSACHUSETTS
DARTMOUTH
New England Gaming Research Project

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CENTER FOR POLICY ANALYSIS**

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Economic Development Research Series No. 69

NEW ENGLAND CASINO GAMING: UPDATE 2009

EXECUTIVE SUMMARY

The Center for Policy Analysis at the University of Massachusetts Dartmouth has updated its New England casino patron origin and fiscal impact analysis for calendar year 2008. The update includes new patron origin and financial data for Foxwoods Resort Casino and Mohegan Sun Casino in Connecticut; Twin River and Newport Grand Slots in Rhode Island; and Hollywood Slots Hotel & Raceway in Bangor, Maine.

Overview of the New England Gaming Market 2008

Foxwoods Resort and Mohegan Sun suffered from their second consecutive year-to-year decline in gross gaming revenues, although there was continued strength in table games revenues and non-gaming revenues during the first half of the year.¹ Newport Grand Slots reported its fourth consecutive year-to-year decline in net terminal income. On the other hand, the region's two racinos – Twin River and Hollywood Slots – reported year-to-year increases in net terminal income or gross gaming revenues. Twin River appears to have benefited from longer hours of operation (24 hours on weekends), the introduction of virtual table games, and higher gasoline prices that kept Rhode Island and Massachusetts residents closer to home, although its revenues flattened out in the last quarter of the year. In the summer of 2008, Hollywood Slots Hotel & Raceway moved from a temporary facility to its new upscale permanent facility and more than doubled the number of slot machines from 475 to 1,000, which produced a brief surge in visitations, although visitations and revenues returned to their previous levels in the final quarter of the year.

Current trends in the New England casino gaming market should be assessed within the larger context of two recent developments: (1) the onset of what is now the longest and deepest recession in U.S. history, since the Great Depression and (2) the

¹ Gross Gaming Revenue (GGR) is the total amount of gaming revenue (win) retained by a casino during a day, month, or year. GGR is the figure most commonly used to determine what a casino, racetrack, lottery, or other gaming operation keeps *before* taxes, operating costs, and other expenses are paid by the casino. GGR is the equivalent of “sales” in other industries and should not be confused with “profit” or “cash flow.” Total Revenue (TR) consists of gross gaming revenue, plus non-gaming revenues, including hotel, food and beverage service, retail shops, conference and meeting services, and entertainment venues.

emergence of an increasingly competitive Northeastern gaming market that encompasses both the New England² and the Mid-Atlantic³ states.

First, there is no question at this point that the United States economy essentially dropped off a cliff in calendar year 2008. The United States is now experiencing the longest and deepest recession since the Great Depression of the 1930s. The National Bureau of Economic Research Business Cycle Dating Committee defines a recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators. A recession begins when the economy reaches a peak of activity and ends when the economy reaches its trough.”⁴ The Business Cycle Dating Committee has determined that a peak in economic activity occurred in the U.S. in December 2007, which means that the economy has been in recession since that time.

In the fourth quarter of 2007, gross domestic product (GDP) grew by only 0.6% nationally,⁵ which signaled the onset of a recession that deepened over the course of CY 2008. Indeed, another “textbook” definition of recession is two consecutive quarters of declining gross domestic product (GDP). In the 3rd quarter of 2008, GDP shrank by 3.8%, while in the fourth quarter of 2008, GDP declined at an accelerating rate of 6.2% annually -- the largest quarterly decline since 1982.⁶

The Conference Board’s Consumer Confidence Index steadily declined during CY 2008 to the lowest levels ever recorded and, coincident with that decline, overall retail spending fell in four of the last five months of 2008. Consumer spending dropped the most in almost three decades during the last quarter of 2008.⁷ At the same time, the U.S. unemployment rate had risen to 8.1 percent by February 2009 as employers reduced payrolls by 651,000 in that month alone. Job losses in the United States have now exceeded 600,000 for three straight months, which is the first time monthly job losses have reached this level since collection of the data began in 1939. The current (February

² Connecticut, Maine, Massachusetts, Rhode Island, New Hampshire, and Vermont.

³ Delaware, New Jersey, New York, Pennsylvania, and West Virginia.

⁴ *NBER Business Cycle Memo* (December 11, 2008): “The committee believes that the two most reliable comprehensive estimates of aggregate domestic production are normally the quarterly estimate of real Gross Domestic Product and the quarterly estimate of real Gross Domestic Income, both produced by the Bureau of Economic Analysis. In concept, the two should be the same, because sales of products generate income for producers and workers equal to the value of the sales.”

⁵ *NBER Business Cycle Memo* (Nov. 28, 2008): “The [dating] committee determined that a peak in economic activity occurred in the U.S. economy in December 2007.

⁶ Bloomberg News, “GDP Shrinks in 4th Quarter,” *Boston Globe*, February 28, 2009.

⁷ Lisa Poole (Associated Press), “Consumer Confidence Plunges,” *Boston Globe*, February 25, 2009. The Conference Board’s February 2009 Consumer Confidence Index dropped to 25, which is the lowest level recorded since the index was created in 1967.

2009) U.S. unemployment rate is at its highest level in a quarter century, and is expected to rise further, which clearly suggests that an end to the recession, and a recovery in consumer spending, is unlikely before the second half of 2009 (at the earliest), while depressed levels of consumer spending could persist well into 2010.

Casino gaming is classified (see below) as part of the U.S. economy's arts, amusement, and recreation sector (NAICS Code 71), as well as its hospitality sector (NAICS Code 72 -- Accommodation and Food Services). Casino gaming in all its forms depends on discretionary consumer spending, which is one of the first types of spending that is restrained by consumers, who are uncertain about their jobs and income. However, based largely on the previous experience of Las Vegas, many analysts viewed the casino industry as "recession proof." Until last year, Las Vegas had seen gambling revenues fall only once since 1970 in the aftermath of the September 11, 2001 terror attacks, when gaming revenues dropped 1 percent in 2002 as compared to 2001 (Freiss 2008). However, in 2008, gaming revenues have declined on a year-to-year basis in most casino jurisdictions, including Las Vegas and Atlantic City, although some new jurisdictions such as Pennsylvania have seen revenues increase on a year-to-year basis.

The simple lesson of 2008 is that casino gaming is not recession proof, but due to increased reliance on non-gambling amenities (i.e., diversification) and an increased supply of gaming nationally, it is now subject to the same macro-economic factors as any other consumer retail or service industry. There is no question that the New England (and the Northeastern) gaming market is being buffeted by the current recession, but this is a temporary setback that is reversible once the economy enters a new growth phase.

However, the New England gaming market is also being reshaped at the margins by its integration into a larger Northeastern gaming market that includes New England and the Mid-Atlantic states, such as New Jersey, New York, and Pennsylvania. Atlantic City currently has 11 resort casinos that compete directly against Mohegan Sun and Foxwoods. Pennsylvania has six slot parlors/racinos and one resort casino now operating, with the expectation that it will add another six upscale slot parlors and an additional resort casino within the next few years. New York now has more than 13,000 video lottery terminals (VLTs) at eight racinos, with 5,300 of its VLTs strategically located at Empire State Raceway in Yonkers, New York. There are also three Indian casinos operating in upstate and western New York.

Moreover, additional capacity is being added elsewhere in the Northeast. On November 4, 2008, Maryland voters approved a constitutional amendment to legalize slot-machine gambling in that state. The constitutional amendment allows 15,000 slot machines distributed among five locations around the state, although initial efforts to introduce slot parlors and racinos to Maryland has fallen short of the legislature's

original expectations.⁸ To counter competition from Pennsylvania, and the anticipated competition from Maryland, West Virginia has completed its first full calendar year of allowing table games at three of its four racinos. Delaware's legislature is considering the reintroduction of a sports betting lottery (Darrow 2008). The Massachusetts, New Hampshire, and Rhode Island legislatures will likely renew their perennial debates on expanded gambling in those states.

The growing competition in the Northeastern gaming market is restructuring that market geographically, but it is also leading to an overall increase in the size of the gaming market, new capital investment in new facilities, and the improvement of existing facilities. Former racetracks are being upgraded into upscale racinos with moderate-sized hotels, gourmet dining, and new entertainment options following a model pioneered in the previous decade by Dover Downs in Delaware. Mohegan Sun is still planning the addition of luxury hotel space, new entertainment options, and more resort amenities. There are still proposals for additional gaming facilities in Massachusetts, New Hampshire, and Maine, while Rhode Island legislators will consider a constitutional amendment that would allow its two racinos to evolve into casinos. Massachusetts, New Hampshire, and Vermont are now the only three states among the eleven Northeastern states with no presence in the casino/racino gaming industry, although their residents continue to patronize gaming establishments in other states.

Amid economic turmoil and new competition, there were major developments at all of New England's five casino gaming establishments during the past year. In early March of 2008, Twin River's owner, UTGR, Inc., missed a loan payment on outstanding loans tied to Twin River's expansion and renovation.⁹ UTGR, Inc. spent most of the year operating under a forbearance agreement with its chief lender, Merrill Lynch Capital Corporation, that delayed legal action on \$577 million in outstanding loans tied to Twin River's renovation and operation (Public Gaming International 2008). The forbearance agreement initially had a June 30 expiration date, with options for two additional 30-day extensions. The agreement was extended several times during 2008, but January 30, 2009, Merrill Lynch spokesman Bill Halldin announced that January 31, 2009 would have been the expiration date on UTGR's latest forbearance agreement "had certain milestones been reached, but the agreement actually expired on January 5" (quoted in Gregg 2009).¹⁰

⁸ In February 2009, Maryland received six proposals for its five gaming sites, which collectively proposed to install only 10,550 of the 15,000 authorized slot machines (Wagner and Helderman 2009).

⁹ UTGR is a subsidiary of BLB Investors, LLC, which was established to operate Twin River. BLB Investors is itself owned jointly by Kerzner International Ltd., Starwood Capital Group, and the Waterford Group.

¹⁰ Halldin would not elaborate on why the latest forbearance agreement had lapsed, but went on to say "we are continuing our discussions with all parties and interests."

Paradoxically, Twin River continued to report year-to-year increases in net terminal income into the month of September, but it was evidently not enough to cover their payments on an estimated \$565 million remaining on their outstanding loans at the end of 2008. In the fourth quarter of the year, net terminal income flattened, but Rhode Island public officials repeatedly rebuffed requests from Twin River's owners to renegotiate its revenue sharing arrangement with the state.¹¹ However, the Rhode Island state legislature is likely to at least consider a bill in the coming months that would place a constitutional amendment on the November 2009 ballot authorizing full-scale casinos (i.e., table games) at Twin River and Newport Grand if ratified by voters.

On May 18, 2008, MGM at Foxwoods opened its new \$700 million 825-room luxury hotel, which includes a 21,000-square-foot spa, a 4,000-seat theater, and high-end retail shops. The MGM at Foxwoods opened amid fanfare and media coverage as A-list celebrities arrived to launch the region's newest casino expansion.¹² The grand opening of the MGM at Foxwoods generated a less than spectacular initial burst of curiosity traffic, but over the remainder of the year, Foxwoods was unable to reverse a continuing decline in its gross gaming revenues and concluded the calendar year with its second consecutive year-to-year decline in gross gaming revenues.

On July 2, 2008, Hollywood Slots Hotel & Raceway held the grand opening of its permanent upscale racino. The new gaming facility features a two-story, semicircular, glass tower gaming area, a seven-story 152-room hotel, a four-story parking garage, restaurants, retail space, and a new simulcast facility for off-track wagering. The current facility houses 1,000 slot machines, but it is designed to accommodate up to the authorized 1,500 slot machines at a later time. The slot parlor's gross gaming revenues had been sliding for the first five months of the year, but over 9,000 people attended the grand opening, while the top daily revenue from the temporary casino was more than doubled at the grand opening. However, this initial boost to revenues was short lived and revenues slid back to pre-grand opening numbers by the end of the year.

On September 24, 2008, Newport Grand Slots also completed a multi-million

¹¹ Twin River's owners offered the state a one-time payment of \$500 million in exchange for reducing its "tax rate" from 60% of net terminal income to 25% of net terminal income (Gregg and Grimaldi 2008).

¹² The list included Sean (Diddy) Combs, Whoopi Goldberg, Catherine Zeta-Jones, Michael Douglas, "Sopranos" star Jamie-Lynn Sigler, and singer Alicia Keys. The invitation-only, black-tie fete began with a cocktail reception and restaurant tasting menu that featured dishes from renowned chefs Tom Colicchio of Craftsteak and Michael Schlow of Alta Strada. The reception was followed by a concert featuring John Mayer and Josh Groban, which concluded with an after-hours party hosted by Combs. The MGM at Foxwoods was opened to the general public at midnight on May 19, 2009.

dollar transformation of its former jai alai fronton into 22,000 square-feet of non-smoking gaming space with an additional 500 VLTs, six virtual blackjack tables, two new food and beverage outlets, enhanced security operations, and back of house functions. However, the new expansion failed to reverse the continuing slide in Newport’s net terminal income, as Newport concluded the calendar year with its fourth year-to-year decline in net terminal income.

On September 21, 2008, Mitchell Etes, President and CEO of Mohegan Sun announced a temporary halt to construction on its planned \$734 million hotel tower “due to uncertainty in the economy and its impact on the region’s gaming market.” The move also suspended construction on a planned House of Blues music hall, an additional spa, as well as retail and restaurant space, which were to have been completed by the fall of 2010. The planned expansion has been delayed until at least the fourth quarter of 2009, when regional economic conditions will be reevaluated by the casino’s executives.¹³ Etes stressed that the move was a “suspension and not a termination” of Mohegan Sun’s planned expansion, because the “casino continues to believe in the long-term prospects for the business and the region” (Gannon 2008). In fact, the following month (October 10-12, 2009), Mohegan Sun held the grand opening of its new Casino of the Wind, which offers an additional 64,000 square feet of gaming and dining space. The new casino at Mohegan Sun added 650 new slot machines, 28 table games, and a poker room with 42 tables to its existing gaming positions (Mohegan Sun 2008).

Patron Origins

The Center for Policy Analysis updated its patron origin survey on the five days from Friday, January 16, 2009 through Tuesday, January 20, 2009.

Estimated Patron Origins by State, 2009: Foxwoods, Mohegan Sun, Twin River, Newport Grand, & Hollywoods Slots					
	Foxwoods	Mohegan	Twin River	Newport	Hollywood
Massachusetts	31.4%	16.6%	40.6%	38.9%	1.0%
Connecticut	35.9%	56.7%	2.4%	1.9%	0.0%
Rhode Island	13.2%	3.9%	54.5%	56.2%	0.0%
New Hampshire	3.2%	1.3%	0.9%	0.5%	1.0%
Maine	1.1%	0.4%	0.2%	0.0%	95.5%
Vermont	0.3%	0.3%	0.1%	0.0%	0.4%
New York	10.8%	15.9%	0.5%	1.1%	0.3%
New Jersey	2.1%	1.8%	0.1%	0.1%	0.3%
Other	2.0%	3.1%	0.7%	1.3%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Center for Policy Analysis. **Note:** The statistical margin of error for the Foxwoods, Mohegan, Twin River, Newport, and Hollywood surveys is +/- < 1%.

¹³ Associated Press, “Mohegan Sun Delaying Expansion Plans,” see, <http://www.fox61.com/pages/landing/?Mohegan-Sun-delaying-expansion-plans=1&blockID=65412&feedID=341>

The findings for Foxwoods Resort and Mohegan Sun are consistent with previous patron origin analyses conducted by the Center for Policy Analysis, which used the same methodology to estimate patron origins in 1995, 1999, 2004, 2006, and 2008. The only statistically significant shifts in patron origins during the last two years are a decline in the percentage of patrons originating in Massachusetts and New York, which is attributable to three factors: (1) higher gasoline prices, (2) a general decline in the economy, and (3) increased competition from Empire State Raceway (Yonkers, New York) and Twin River (Lincoln, RI). In addition, there continues to be a year-to-year decline in the percentage of Newport Grand patrons originating in Massachusetts, which is attributable to two factors: (1) a general decline in the economy and (2) increased competition for Massachusetts patrons from Twin River (Lincoln, RI).

Foxwoods Resort and Mohegan Sun:

Based on the updated patron origin analysis and a review of financial data:

- It is estimated that gross gaming revenues for Foxwoods were approximately \$1.05 billion in Calendar Year 2007, compared to \$1.12 billion in CY 2007 (-6.0%), while total revenues (gaming and non-gaming combined) were approximately \$1.45 billion in CY 2008, compared to \$1.53 billion in CY 2007 (-4.7%).
- It is estimated that gross gaming revenues for Mohegan Sun were \$1.21 billion in CY 2008, compared to \$1.26 billion in Calendar Year 2007 (-3.8%), while total revenues (gaming and non-gaming combined) were \$1.49 billion in CY 2008, compared to \$1.52 billion in CY 2007 (-2.0%).

It is estimated that:

- Massachusetts residents spent approximately \$709 million at Connecticut's two casinos in Calendar Year 2008, compared to \$846.2 in CY 2007 (-3.4%) and \$876.2 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Massachusetts residents has declined by \$137.2 million over the last two calendar years (-19.1%).
- Rhode Island residents spent approximately \$250.9 million in CY 2008 at Connecticut's two Native American casinos, compared to \$261.0 million in CY 2007 and \$291.6 in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Rhode Island residents has declined by \$40.7 million over the last two calendar years (-14.0%).
- New Hampshire residents spent approximately \$66.1 million in CY 2008 at Connecticut's two Native American casinos, compared to \$75.9 million in CY 2007 and \$80.4 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by New Hampshire residents has declined by \$14.3 million over the last two calendar years (-17.8%).

- Maine residents spent approximately \$22.0 million in CY 2008 at Connecticut's two Native American casinos, compared to \$32.7 million in CY 2007 and \$33.1 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Maine residents has declined by \$11.1 million over the last two calendar years (-33.5%).
- New York residents spent approximately \$237.3 million in CY 2008 at Connecticut's two Native American casinos, compared to \$350.3 million in CY 2007 and \$365.5 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by New York residents has declined by \$128.2 million over the last two calendar years (-35.1%).

Based on these figures, it is estimated that:

- Massachusetts residents contributed \$93.1 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- Rhode Island residents contributed \$32.5 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- New Hampshire residents contributed \$8.6 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- Maine residents contributed more than \$2.9 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- New York residents contributed more than \$53.6 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.

Twin River and Newport Grand Slots

Based on the updated patron origin analysis and a review of financial data:

- Net terminal income (gross gaming revenues) for Twin River was \$407.5 million in CY 2008, compared to \$375.3 in Calendar Year 2007 (+8.6%) and \$329.3 million in CY 2006, while it is estimated that total revenues (gaming and non-gaming combined) were approximately \$447.8 million in CY 2008, compared to \$420.3 million in CY 2007 (+6.5%) and \$359.0 million in CY 2006. Net terminal income at Twin River has increased by \$78.2 million over the last two calendar years (+23.7%).
- Net terminal income (gross gaming revenues) for Newport Grand was \$67.5 million in CY 2008, compared to \$72.7 million in CY 2007 (-7.1%) and \$77.1 million in CY 2006, while total revenues (gaming and non-gaming combined) were estimated at approximately \$74.2 million in CY 2008, compared to \$79.9 million in CY 2007 and \$84.1 million in CY 2006. Net terminal income at Newport Grand has declined by \$9.6 million over the last two calendar years (-12.5%).

It is estimated that:

- Rhode Island residents spent approximately \$286.2 million at Twin River and Newport Grand in CY 2008, compared to \$271.6 million in CY 2007 and \$251.3 in CY 2006.
- Massachusetts residents spent approximately \$210.8 million at Twin River and Newport Grand in CY 2008, compared to \$212.2 million in CY 2007 and \$182.2 million in CY 2006.

Based on these figures, it is estimated that:

- Rhode Island residents contributed approximately \$159.5 million to the Rhode Island state treasury as a result of its citizens' gaming and other gaming related expenditures in that state.
- Massachusetts residents contributed approximately \$117.4 million to the Rhode Island state treasury in CY 2008 as a result of its citizens' gaming and other gaming related expenditures in that state.

Hollywood Slots

Based on the updated patron origin analysis and a review of financial data:

- Gross gaming revenues for Hollywood Slots were \$50.5 million in CY 2008, compared to \$43.3 million in Calendar Year 2007 (+16.8%) and \$37.5 million in Calendar Year 2006 (+15.5%), while total (gaming and non-gaming) revenues were estimated to be \$54.8 million in CY 2008, compared to \$46.5 million in CY 2007 (+17.9%) and \$38.6 million in CY 2006.

It is estimated that:

- Maine residents spent approximately \$52.3 million at Hollywood Slots in CY 2008, compared to \$46.3 million in CY 2007 and \$36.4 million in CY 2006.
- Massachusetts residents spent approximately \$602,000 at Hollywood Slots in CY 2008, compared to \$1.7 million in CY 2007 and \$1.4 million in CY 2006.
- New Hampshire residents spent approximately \$602,000 at Hollywood Slots in CY 2008, compared to \$883,000 in CY 2007 and \$734,000 in CY 2006.

Based on these figures, it is estimated that:

- Maine residents contributed approximately \$22.7 million to the Maine general treasury and to the city of Bangor in CY 2008 as a result of its citizens' gaming and other expenditure activity in that state.
- Massachusetts residents contributed approximately \$262,000 to the Maine general treasury and to the city of Bangor in CY 2008 as a result of its citizens' gaming and other expenditure activity in that state.
- New Hampshire residents contributed approximately \$262,000 to the Maine general treasury and to the city of Bangor in CY 2008 as a result of its citizens' gaming and other expenditure activity in that state.

Other Highlights

- New England's two casinos and three slot parlors generated \$2.79 billion in gross gaming revenues in CY 2008, compared to \$2.86 billion in CY 2007 (-2.4%), compared to \$2.91 billion in CY 2006 (-4.1% for the two-year period). Total revenues (gaming and non-gaming) were approximately \$3.53 billion in CY 2008, compared to \$3.53 billion in CY 2007 (-0.09%) compared to \$3.63 billion in CY 2006 (-2.8% for the two-year period).
- New England's casino/racino industry employed approximately 23,600 people in CY 2008, compared to 24,080 people in CY 2007 (-2.0%).

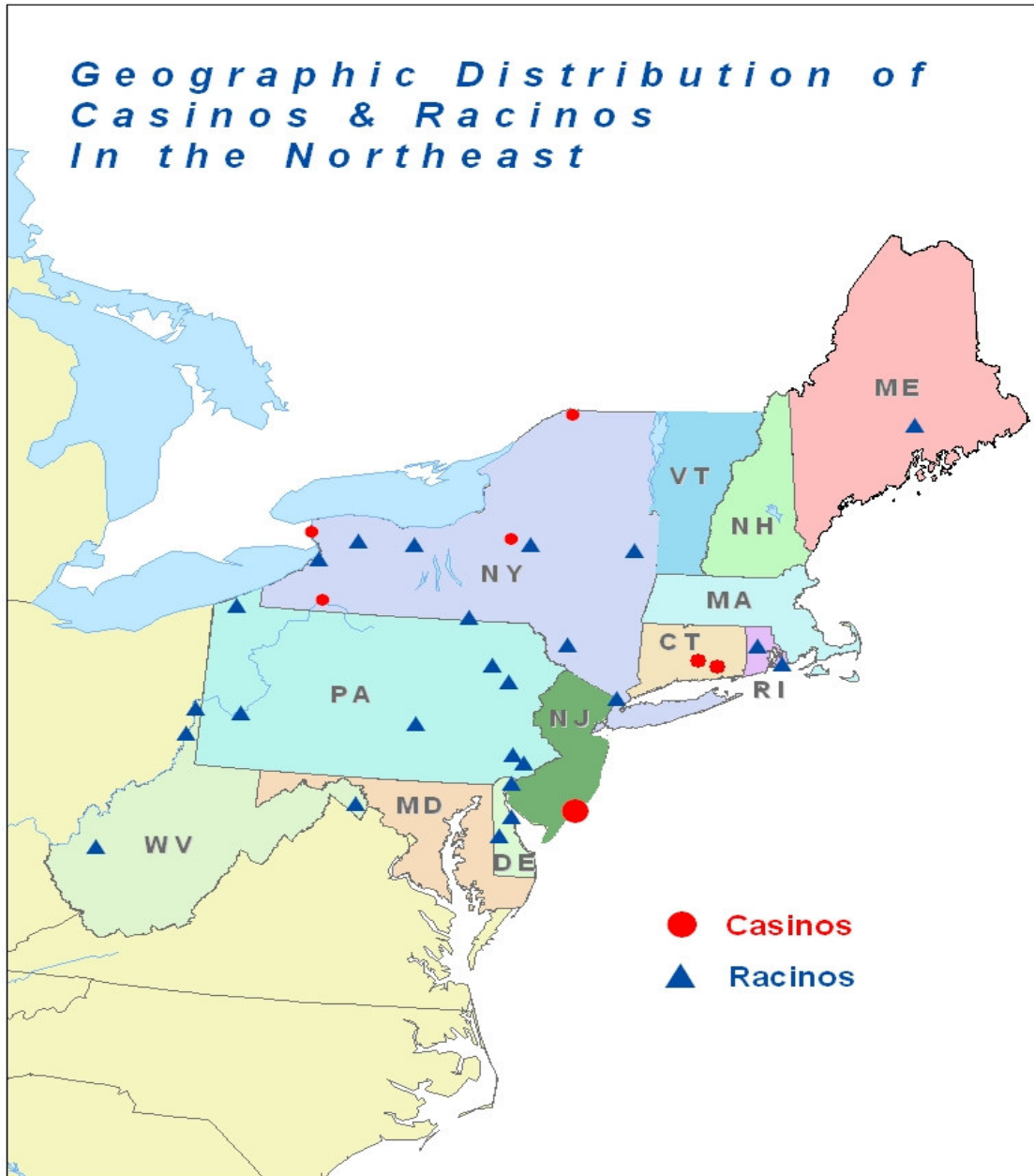


TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY.....	i
LIST OF TABLES.....	xiv
LIST OF FIGURES.....	xv
1.00 PURPOSE OF THE STUDY.....	1
1.10 STRUCTURE OF THE U.S. CASINO INDUSTRY	
1.20 THE NEW ENGLAND CASINO INDUSTRY	
1.21 CONNECTICUT	
1.21a Foxwoods Resort Casino	
1.21b Mohegan Sun Casino	
1.22 RHODE ISLAND	
1.22a Twin River	
1.22b Newport Grand Slots	
1.23 MAINE	
2.00 PATRON ORIGINS.....	20
2.10 METHODOLOGY	
2.20 FINDINGS	

3.00 ESTIMATED TOTAL EXPENDITURES BY PATRONS.....	29
3.10 FOXWOODS RESORT & MOHEGAN SUN	
3.20 TWIN RIVER & NEWPORT GRAND SLOTS	
3.30 HOLLYWOOD SLOTS	
SOURCES CONSULTED.....	35
APPENDICES.....	41

LIST OF TABLES

	Page
Table 1. North American Industry Classification.....	4
Table 2. New England Casino Revenues & Employment, 2008.....	5
Table 3. Foxwoods Revenues, 2003 to 2007.....	9
Table 4. Mohegan Sun Revenues, 2004 to 2008.....	13
Table 5. Twin River Revenues, 2004 to 2008.....	16
Table 6. Newport Grand Revenues, 2004 to 2007.....	17
Table 7. Hollywood Slots Hotel & Raceway Revenues, 2005 to 2008.....	19
Table 8. Estimated Patron Origins by State, 2009: Foxwoods, Mohegan Sun, Twin River, Newport Grand, & Hollywood Slots.....	23
Table 9. Foxwoods Resort: Estimated Patron Origins by State, 1995 to 2009.....	24
Table 10. Mohegan Sun: Estimated Patron Origins by State, 1999 to 2009.....	24
Table 11. Twin River: Estimated Patron Origins by State, 2004 to 2009.....	25
Table 12. Newport Grand Slots: Estimated Patron Origins by State, 2004 to 2008.....	26
Table 13. Hollywood Slots Hotel & Raceway: Estimated Patron Origins by State, 2006 to 2009.....	28

LIST OF FIGURES

Figure 1. New England Casinos & Racinos.....	6
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NEW ENGLAND CASINO GAMING: 2009 UPDATE

1.00 PURPOSE OF THE STUDY

The Center for Policy Analysis at the University of Massachusetts Dartmouth has updated its New England patron origin and fiscal impact analysis for Foxwoods Resort Casino and Mohegan Sun Casino for calendar year 2008. The update applies new patron origin ratios from January 2009 to calendar year 2008 financial data, while incorporating selected findings from the Center's 2006 *New England Gaming Behavior Survey* (released in January 2007).¹⁴ The update also includes new patron origin and financial data for Twin River and Newport Grand Slots in Rhode Island, and includes data on Hollywood Slots in Bangor, Maine.

The purpose of the 2009 patron origin study is to determine the geographic origin, expenditure patterns, and other gaming behaviors of visitors to Foxwoods Resort Casino in Ledyard, Connecticut; Mohegan Sun Casino in Uncasville, Connecticut; Twin River in Lincoln, Rhode Island; Newport Grand Slots in Newport, Rhode Island, and Hollywood Slots in Bangor, Maine, including the percentage of casino and racino visitors who are residents of Massachusetts, Rhode Island, and other New England and Mid-Atlantic states.¹⁵ The estimate of patron origins is based on a

¹⁴ The New England Gaming Behavior Survey is being updated and will be released later this year.

¹⁵ The methodology employed in the patron origin analysis has been validated by academic peer review and published by Jeffrey Dense and Clyde W. Barrow, "Estimating Casino Expenditures by Out of State Patrons: Native American Gaming in Connecticut," *Journal of Travel Research* (May 2003): 410-15. Findings generated by this methodology have been cited as authoritative by regional economists at the University of Connecticut, see, Arthur W. Wright, "As the Wheel of Fortune Turns: Casinos Revisited," *The Connecticut Economy: A University of Connecticut Quarterly Review* (September 2006): 8-11, research economists at the Federal Reserve Bank of Boston, see, Heather Brome, "Memorandum on Economic Impact of Casino Development," (September 14, 2006), at <http://www.bos.frb.org/economic/neppc/memos/2006/brome091406.pdf>, the Connecticut Economic Resource Center (Marsden 2007), and by the international accounting firm UHY Advisors, *Casino Gaming in Massachusetts: An Economic, Fiscal, and Social Analysis* (Boston: Greater Boston Chamber of Commerce, 2008). These estimates are also consistent with public statements by Foxwoods and Mohegan Sun officials (e.g., *Boston Globe*, October 21, 1995; *New London Day*, March 28, 2004; *New York Times*, October 21, 2007). The University of Connecticut Center for Economic Analysis also conducted a patron intercept survey at Foxwoods from September 7 to 13, 1999 with 496 respondents, see, Fred Carstensen, William Lott, Stan McMillen,

sampling of 10,133 private automobiles and 260 tour buses at Foxwoods; a sampling of 9,231 private automobiles and 287 tour buses at Mohegan Sun; 9,953 private automobiles at Twin River; 3,693 private automobiles at Newport Grand Slots; and 3,599 private automobiles at Hollywood Slots.¹⁶

Financial data is derived primarily from the Connecticut Division of Special Revenue, the U.S. Securities and Exchange Commission,¹⁷ the Rhode Island Lottery Commission, and the Maine Department of Public Safety's Gaming Control Board.

1.10 STRUCTURE OF THE U.S. CASINO INDUSTRY

On October 11, 2007, Governor Deval Patrick of Massachusetts filed legislation that would have authorized three destination resort casinos in the Commonwealth of Massachusetts. In his message to the State Senate and House of Representatives, Governor Patrick indicates that the primary goal of his proposed legislation was "to spur economic development and job growth throughout the Commonwealth."¹⁸

Bobur Alimov, Na Li Dawson, and Tapas Ray, *The Economic Impact of the Mashantucket Pequot Tribal Nation Operations in Connecticut* (Storrs, CT: University of Connecticut Center for Economic Analysis, 2000). The UCCEA survey found that 33% of Foxwoods patrons lived in Massachusetts, 27.5% in Connecticut, 17.2% in Rhode Island, 2.6% in New Hampshire, 1.8% in Maine, 0.8% in Vermont, 9.2% in New York, and 2.0% in New Jersey, and 5.5% in other states. The reliability of the findings is bolstered by the fact that three different survey methodologies have arrived at almost identical results.

¹⁶ Variations of patron origin analysis (Las Vegas Visitors & Convention Authority 2001; Meyer-Arendt 1998; Carstensen et al. 2000), including license plate counts have been used by researchers in Oregon, Mississippi, and Louisiana to ascertain the geographic, and even the demographic, profile of casino visitors (Whelan 1996; Drobnic 2000; Ryan 1999). Government agencies, academic research institutes, and private consultants have reliably used license plate counts in a wide range of travel and tourism studies, e.g. Wilbur Smith Associates (2003, 1-19), Knap & Barchers (2001, 21), Boston Metropolitan Planning Organization (2004), Fehr & Peers (2003), Municipality of Metropolitan Seattle (1991), (Wisconsin Department of Tourism (no date); Oregon State University (1997); Arizona Office of Tourism (2003, 2005); Kitakyushu City (2005); Government of Alberta (2005).

¹⁷ Mohegan Sun financed its Project Sunburst with a public bond offering to investors. As a result, the casino must comply with the Sarbanes-Oxley Act of 2002, which was passed to make companies more accountable and transparent to investors (Florin 2004b). The casino's financial data is reported to the U.S. Securities & Exchange Commission each year on Form 10-K in contrast to Foxwoods, which has financed its expansion entirely with internal or other private revenues. Information on Hollywood Slots is also available in Penn National Gaming, Inc.'s Form 10-K filing with the U.S. SEC.

¹⁸ *An Act Establishing and Regulating Resort Casinos in the Commonwealth*, see, http://www.mass.gov/Agov3/docs/Legislation/2007_10_11_resort_casino_bill.pdf. Governor Deval Patrick, "Letter to the Honorable Senate and House of Representatives," October 11, 2007; "Governor Patrick Files Resort Casino Legislation," Press Release, October 11, 2007.

Governor Patrick observed that when considering gaming legislation, public officials should not lose sight of the fact that “fundamentally, gaming is a business.”¹⁹

Casino gaming is part of the leisure, hospitality, and entertainment industry in the United States. The significance of casino gaming within this sector is now recognized in the industrial classification system used by the United States Government to collect data on employment, wages, and business establishments. In 1997, the United States began phasing out the old Standard Industrial Classification (SIC) System, which had been designed mainly for classifying business establishments in an industrial economy. The North American Industry Classification System (NAICS), which replaced the SIC system, was designed specifically to identify trends in “new and emerging industries” and to capture the growing importance of “service industries in general” to the new economy (Executive Office of the President 1997, 3).

NAICS classifies business establishments into twenty major Sectors with gaming establishments assigned to Sector 71 – Arts, Entertainment, and Recreation and Sector 72 –Accommodation and Food Services:

- Subsector 711. Performing Arts, Spectator Sports, and Related Industries
- Subsector 712. Museums, Historical Sites, and Similar Institutions
- Subsector 713. Amusement, Gambling, & Recreation
- Subsector 721120. Casino Hotels

It may seem odd for spectator sports, art museums, and casinos to be classified in the same major sector, but the rationale for this classification is that each provides a comparable service in the form of amusement or entertainment. A customer can be amused or entertained by a sporting event, an art exhibit, or a slot machine, and one can be equally disappointed if one’s favorite sports team loses a game, if an art exhibit is uninspiring, or one has a bad day at the blackjack table. Each industry provides an intangible service called amusement or entertainment.

The expansion of casino gaming in the United States since the early 1990s has been coincident with the expansion of leisure, hospitality, and entertainment industries generally. Specifically, the percentage of adults who gambled at a casino at least once in the previous year climbed from 17 percent in 1990 to 25 percent in 2007 when 54.5 million Americans made approximately 376 million visits to casinos (Harrah’s 2003, 2006; AGA 2008, 3). Since the early 1990s, nearly 82 percent of the increase in casino visitations has occurred in the non-traditional venues outside Nevada and New Jersey.²⁰

¹⁹ Governor Deval Patrick, “Transcript: Governor Unveils Casino Gaming Plan, September 17, 2007, p. 1.

²⁰ The traditional venues for casino gaming are Nevada and New Jersey. The non-traditional venues include any state with casino gaming other than Nevada and New Jersey.

The non-traditional venues now account for 48.7 percent of casinos' gross gaming revenues nationally, and if Class III Indian casinos are included in the mix, the non-traditional venues now account for 69 percent of casinos' gross gaming revenues nationally.

The casino industry is actually differentiated into many niche markets that are distinguished by the type of facility, size of facility, consumer demographics, and customer motivation. Consequently, the economic and fiscal impacts of the industry vary widely from state to state depending on the particular configuration of casino establishments and whether a state's gaming policy allows essentially unrestricted market entry (subject to licensing), such as Nevada, New Jersey, and Mississippi, or whether a state limits market entry to a fixed number of establishments at pre-determined locations. The economic and fiscal impacts of the industry can also vary depending on whether a state is host to state-licensed commercial casinos or Indian casinos that operate under federal law.

Table 1

NORTH AMERICAN INDUSTRY CLASSIFICATION

711212 Racetracks

Comprises establishments primarily engaged in operating racetracks. These establishments may also present and/or promote the events, such as auto, dog, and horse races, held in these facilities.

713210 Casinos (except Casino Hotels)

Comprises establishments primarily engaged in operating gambling facilities that offer table wagering games along with other gambling activities, such as slot machines and sports betting. These establishments often provide food and beverage services. Included in this industry are floating casinos (i.e., gambling cruises, riverboat casinos).

713290 Other Gambling Industries

Comprises establishments primarily engaged in operating gambling facilities (except casinos or casino hotels) or providing gambling services. Included in this industry are bingo, off-track betting, card rooms, and slot machine parlors.

721120 Casino Hotels

Comprises establishments primarily engaged in providing short-term lodging in hotel facilities with a casino on the premises. The casino on premises includes table wagering games and may include other gambling activities, such as slot machines and sports betting. These establishments generally offer a range of services and amenities, such as food and beverage services, entertainment, valet parking, swimming pools, and conference and convention facilities.

Casinos and other gaming establishments were assigned their own six-digit NAICS Codes for the first time in 1997 and the new coding system explicitly differentiates between types of establishments by assigning different codes to Casinos (713210), Other Gambling Industries (713290, i.e., slot parlor/racinos), and Casino Hotels (721120) (see Table 1). Casino establishments include land-based casinos, riverboat casinos, dockside casinos, and cruise ships, which offer a wide range of slot machine games and table games. Resort casinos with hotels typically offer the same gambling options, but also offer non-gambling amenities, such as high-end retail outlets, gourmet dining establishments, dance clubs, comedy clubs, cabarets, concert and sporting arenas, spas, golf courses, and meeting and conference facilities. Other Gambling Industries consists primarily of so-called racinos or slot parlors, where slot machines or video lottery terminals (VLTs) are installed at an existing pari-mutuel facility, such as a dog track, horse track, or jai-alai fronton.

1.20 THE NEW ENGLAND CASINO INDUSTRY

Casino gaming is a \$3.5 billion sector of the leisure, hospitality, and entertainment industry in New England, based on two tribal casinos in Connecticut, two racinos in Rhode Island, and an upscale slot parlor in Bangor, Maine (see Figure 1). The industry employs nearly 24,000 people in New England. The industry made more than \$709 million in payments to state governments in calendar year 2008 (see Table 2).²¹

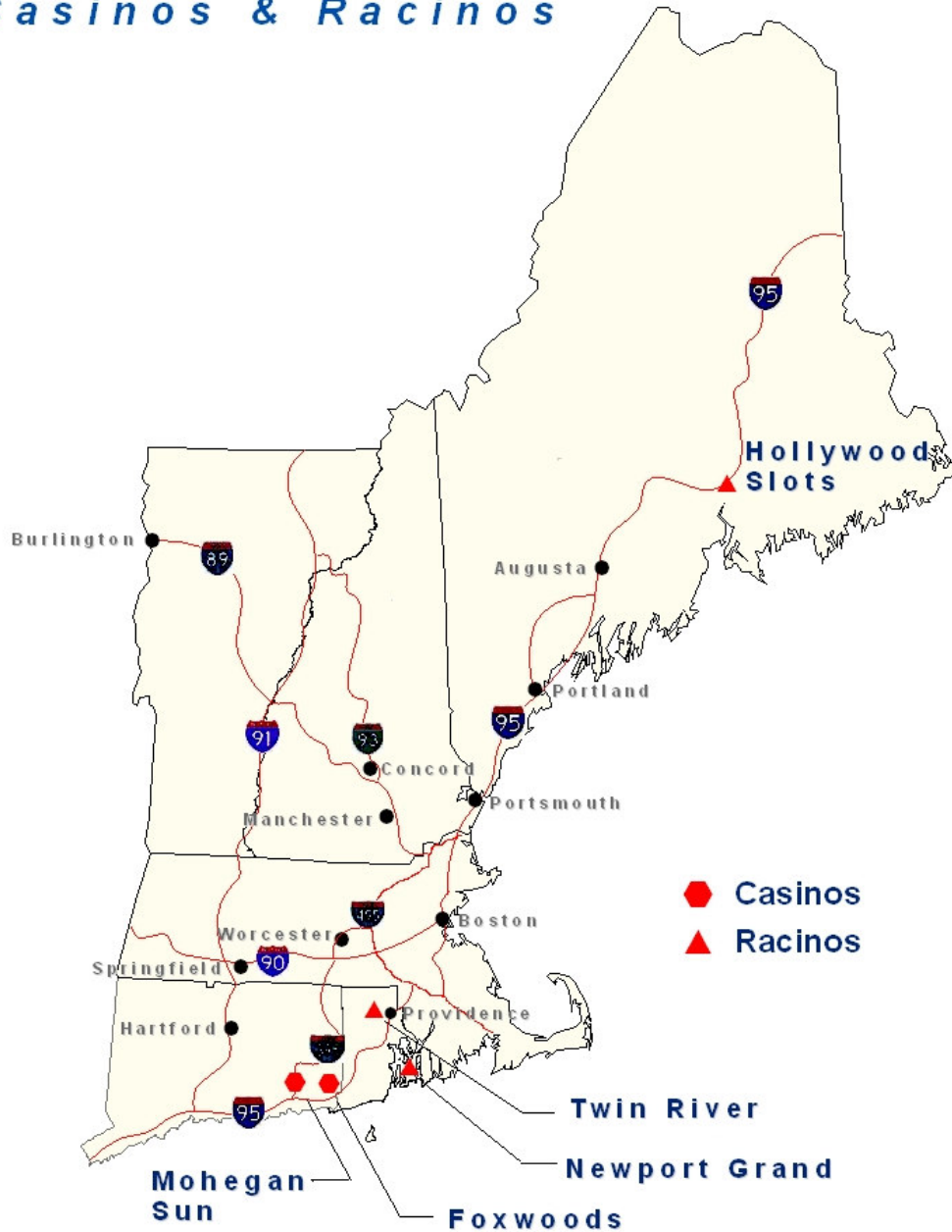
Table 2

New England Casino Revenues & Employment, 2008							
	Slot Win	Other Gaming	Total Gaming	NonGaming	Total Revenues	Payments to St/Loc Govts	Total Employment
Foxwoods	\$736,001,360	\$315,744,583	\$1,051,745,943	\$408,077,426	\$1,459,823,369	\$184,000,340	11,700
Mohegan Sun	\$842,873,026	\$367,492,639	\$1,210,365,665	\$282,015,200	\$1,492,380,865	\$210,718,257	10,300
Twin River	\$407,498,600	N/A	\$407,498,600	\$40,342,361	\$447,840,961	\$247,726,549	900
Newport Grand	\$67,541,838	N/A	\$67,541,838	\$6,686,642	\$74,228,480	\$43,086,289	200
Hollywood	\$50,515,382	N/A	\$50,515,382	\$4,243,292	\$54,758,674	\$23,777,593	500
Total	\$2,104,430,206	\$683,237,222	\$2,787,667,428	\$741,364,921	\$3,529,032,349	\$709,309,027	23,600

²¹ This figure only includes gaming taxes, sales and meals taxes, and lodging taxes. It does not include payments for corporate income taxes, payroll taxes (e.g., unemployment insurance), local property taxes, gaming tax distributions to local host communities, or any federal tax payments.

Figure 1

New England Casinos & Racinos



1.21 CONNECTICUT

Foxwoods Resort Casino and Mohegan Sun Casino are the only legally authorized gaming operations in New England that currently offer both traditional slot machines and table games for their customer's entertainment. Foxwoods is operated by the Mashantucket Pequot Tribe of Connecticut.²² Mohegan Sun is operated by the Mohegan Tribe of Indians of Connecticut.²³ Both casinos are operated under the provisions of the Indian Gaming Regulatory Act, including procedures and regulations approved or adopted by the United States Department of the Interior and the National Indian Gaming Commission (NIGC 2008a).

Foxwoods is currently the single largest gaming facility in the United States in terms of total gaming positions and gaming space. Mohegan Sun is the second largest gaming facility in the United States in terms of total gaming positions, but in the 2008 calendar year Mohegan Sun surpassed Foxwoods Resort Casino in gross gaming revenue, after surpassing it in total revenues (gaming + non-gaming) for the first time in 2007. In calendar year 2008, Connecticut's two casinos had combined gross gaming revenues of nearly \$2.3 billion, employed approximately 22,000 people, and paid \$396 million to the Connecticut general treasury under the terms of tribal-state gaming compacts that require the casinos to share 25 percent of the monthly slot win with the State of Connecticut (NIGC 2008b).

1.21a Foxwoods Resort Casino



In 1986, the Mashantucket Pequot Tribal Nation opened a high stakes bingo hall, which became the platform for launching Foxwoods Resort Casino. Foxwoods Resort Casino is located in Ledyard, Connecticut, approximately 8 miles off Interstate 95 via

²² The casino's name is derived from the tribe's name. Pequot means "the fox people" and Mashantucket means "much wooded land" (Jacobson 2007).

²³ The name Mohegan Sun is a blending of the two groups in the original development agreement: the Mohegan Tribe and Sun International (Jacobson 2007).

Route 2. Foxwoods opened on February 15, 1992 and is now the largest resort casino in the nation with 340,000 square feet of gaming space within a larger resort complex that covers 4.7 million square feet. An average of 40,000 people visit Foxwoods each day. The resort is open 24 hours a day and 365 days a year.

Foxwoods has six casinos with more than 7,200 slot and video poker machines. Its six casinos offer more than 400 table games with 17 different types of games, including baccarat, blackjack, craps, roulette, multiple types of poker, and a wheel of fortune. Other games include keno, pull tabs, and a race book. Foxwoods also has the world's largest bingo hall.

Foxwoods has 1,416 guest rooms and suites at its Grand Pequot Tower (824 rooms), Great Cedar Hotel (312 rooms), and Two Trees Inn (280 rooms). There are 25 food and beverage outlets, including gourmet restaurants, casual dining outlets, and bars, lounges, and a buffet. The 1,400-seat Fox Theater is a major entertainment venue that attracts rock bands, singers, championship boxing, and other entertainers. A nightclub and dance club are also located on the premises.

Foxwoods also operates a 55,000 square foot ballroom and a 30,000 square foot junior ballroom with 25 conference rooms. Its complex features a video game arcade, banquet hall, valet parking, Hard Rock Café, and a Grand Salon and Spa that offers beauty treatments and exercise facilities. Foxwoods also operates the adjacent Lake of Isles, which features two 18-hole upscale public golf courses. In addition, Foxwoods offers first-class shopping with 24 retail outlets that sell men's and women's fashion apparel, accessories and jewelry, high-quality merchandise produced by Native Peoples from throughout the Americas, flowers, candy, children's clothing, toys, perfumes, and gift cards.

In November of 2005, Foxwoods announced a 3-year \$700 million expansion project just months after completing a 2-year \$100 million expansion.²⁴ Foxwood's latest expansion project, which was completed in May of 2008 added 2 million square feet to its 4.7 million square foot complex. The expansion includes 50,000 square feet of new gaming space with 1,200 additional slot machines and 45 table games; thus bringing the property total to 8,400 slot machines and 445 table games.

A major focus of the expansion was the construction of new meeting facilities for corporate retreats, meetings, and conferences that will compete for the region's convention business. In fact, on a square footage basis, more than 97 percent of the recent expansion was devoted to additional non-gaming amenities, rather than gaming space. The expansion brings the resort's total meeting and convention space to 170,000

²⁴ In May 2005, the Mashantucket Pequot Tribe completed the construction of two golf courses and a clubhouse. It subsequently opened eight golf villas and a golf academy.

square feet. A 4,000 seat Performing Arts Theater, two nightclubs, three lounges, four restaurants with casual to upscale dining, and four retail outlets were also added to Foxwoods.

On December 8, 2006, the Mashantucket Pequot Tribe and MGM Mirage, Inc. announced that they had completed agreements that included the development of a new hotel and casino as part of the on-going expansion. The partnership features a new MGM hotel tower with 824 rooms and suites, and another 21,000 square foot spa, as well as a new 50,000 square foot casino. In November 2007, Foxwoods announced an additional \$55 million investment to add more restaurants and shops to MGM Grand at Foxwoods. The new hotel and casino, which opened on May 17, 2008, are branded as the "MGM Grand at Foxwoods," but it is owned and operated by the Mashantucket Pequot Tribe, with marketing and other services available under license from MGM Mirage.

In CY 2008, slot revenues (win) at Foxwoods decreased by 6.0% compared to the previous year, following a 4.1% year-to-year decline in 2007. It is estimated that other gaming revenues (tables and bingo) also decreased by 6.0% compared to the previous year. It is estimated that non-gaming revenues declined by a smaller amount (-1.2%) due to the addition of hotel rooms, convention space, retail outlets, and a spa at the new MGM Grand.

It is estimated that total revenues (gaming and non-gaming) for Foxwoods decreased by 4.7% over the last year from approximately \$1.532 billion in CY 2007 to \$1.459 billion in CY 2008 (see Table 3).

Table 3

Foxwoods Revenues, 2003 to 2007						
Year	Slot Win	Other Gaming	Total Gaming	Non-Gaming	Grand Total	
2004	\$ 805,564,280	\$ 338,336,999	\$ 1,143,901,279	\$ 400,365,449	\$ 1,544,266,728	
2005	\$ 815,302,589	\$ 348,949,508	\$ 1,164,252,097	\$ 408,652,486	\$ 1,572,904,583	
2006	\$ 816,810,594	\$ 349,594,934	\$ 1,166,405,528	\$ 410,574,746	\$ 1,576,980,274	
2007	\$ 783,358,001	\$ 336,060,582	\$ 1,119,418,583	\$ 413,065,457	\$ 1,532,484,040	
2008	\$ 736,001,360	\$ 315,744,583	\$ 1,051,745,943	\$ 408,077,426	\$ 1,459,823,369	
Annual Change, 07-08	-6.0%	-6.0%	-6.0%	-1.2%	-4.7%	

Source: Connecticut Division of Special Revenue and Center for Policy Analysis.

The year-to-year decline in total revenues at Foxwoods is partly attributable to higher gasoline prices and on-going construction at the facility in the first quarter of the calendar year. Our patron origin analysis suggests that whatever impact Twin River's expansion had on Rhode Islanders' visitations to Foxwoods was fully realized in the previous calendar year (2007).

However, the most significant impact on Foxwoods' revenues has been the general drop in consumer discretionary spending across the economy that began in late 2007. In 2007, fourth quarter gross domestic product (GDP) grew by only 0.6% nationally, which signaled the onset of a recession that deepened over the course of CY 2008 (National Bureau of Economic Research 2008). In the third quarter of 2008, GDP shrank by 3.8%, while in the fourth quarter of 2008, GDP declined at an annual rate of 6.2% -- the largest decline since 1982. At the same time, the Conference Board's Consumer Confidence Index steadily declined during CY 2008 to the lowest levels ever recorded and coincident with that decline, overall retail spending fell in four of the last five months of 2008.²⁵

1.21b Mohegan Sun Casino



Mohegan Sun Casino opened on October 12, 1996 and is now the largest (gaming revenues) or second largest (gaming positions) resort casino in the nation following a successful expansion known as Project Sunburst. Mohegan Sun operates a 3 million square foot resort and entertainment complex. Mohegan Sun is located on a 240-acre site on the Mohegan Tribe's reservation adjacent to Montville, Connecticut. It overlooks the Thames River and is directly accessible from Interstate 395 and Route 2A. Mohegan Sun has more than 300,000 square feet of gaming space in two casinos - the Casino of the Earth (188,000 sq. ft.) and the Casino of the Sky (119,000 sq. ft.). Mohegan Sun's two casinos have nearly 6,200 slot machines and 330 table games, including roulette, baccarat, black jack, poker, and craps, among others. It also has an 11,000 square foot simulcast race book.

Mohegan Sun has 24 restaurants, cafes, coffee shops, buffets, two multi-station food courts, nine lounges and bars, and 32 retail and specialty shops. Mohegan Sun also

²⁵ Bloomberg News, "GDP Shrinks in 4th Quarter," *Boston Globe*, February 28, 2009. Gross domestic product shrank at a 6.2 percent annual rate in the 4th Quarter of 2008, which is the most since 1982. Consumer spending dropped the most in almost three decades during the same quarter. Lisa Poole (Associated Press), "Consumer Confidence Plunges," *Boston Globe*, February 25, 2009. The Conference Board's February 2009 Consumer Confidence Index dropped to 25, which is the lowest level recorded since the index was created in 1967.

has a 1,200 room luxury hotel with a private high limit table games suite on the 36th floor. The hotel includes 100,000 square feet of convention space and a 20,000 square foot spa. The facility includes a 10,000-seat Arena, a 410-seat lounge, and a 300-seat cabaret. There is also a child care facility and video arcade. It has parking for 13,000 automobiles, valet parking, a parking area for large vehicles and tour buses, and a 20-pump gasoline station and convenience center. The facility is open 365 days per year and 24 hours a day.

Mohegan Sun is aggressively expanding its gaming operations in Connecticut and elsewhere. According to official filings with the U.S. Securities and Exchange Commission (2006), Mohegan's "strategy is to profit from expanding demand in the gaming market in our market areas as well as to diversify the Tribe's business interests in the gaming industry outside of Mohegan Sun." Mohegan Sun defines its primary market area as New England and the Mid-Atlantic states.

In January 2003, Mohegan Sun formed a wholly owned subsidiary, the Mohegan Basketball Club LLC, or MBC, for the purpose of owning and operating a professional basketball team in the Women's National Basketball Association, or WNBA. MBC entered into a membership agreement with the WNBA that permits it to operate the Connecticut Sun basketball team. The team plays its home games in the Mohegan Sun Arena.

On January 25, 2005, Mohegan Commercial Ventures PA, LLC acquired all of the partnership interests in Pocono Downs (Pennsylvania) from subsidiaries of Penn National Gaming, Inc. In September 2006, Mohegan was awarded a Category One Slot Machine License and on November 14, 2006, Pocono Downs became the first slot parlor to open its doors in Pennsylvania with approximately 1,100 slot machines. Pocono Downs is currently a 90,000 square foot two-level slot facility. Mohegan is investing \$150 million in a Phase II expansion that will bring the facility to 2,500 slot machines and add a variety of new restaurants, retail space, nightlife venues, and parking amenities. The Pocono Downs expansion was completed in the spring of 2008.

In November 2006, Mohegan Sun formed a wholly owned subsidiary, Mohegan Golf, LLC to purchase and own the Pautipaug Golf Course in Sprague and Franklin, Connecticut. In May 2007, Mohegan Golf acquired most of the assets of Pautipaug Country Club Inc. and renamed it Mohegan Sun Country Club at Pautipaug. The new golf facility opened in June 2007.

Mohegan Sun also has gaming partnership ventures with the Cowlitz Tribe in Clark County, Washington and the Menominee Indian Tribe of Wisconsin. In October 2007, MTGA Gaming, LLC submitted a proposal to the State of New York, along with Capital Play, Inc., to manage the proposed Video Lottery Terminal, or VLT, facility at Aqueduct Racetrack in Jamaica, New York. If Mohegan Sun's bid is selected, it would

manage the proposed 4,500 VLT facility at Aqueduct Racetrack, which is expected to open in June 2009.

On November 16, 2006, Mohegan Sun announced a \$925 million "Project Horizon" expansion, which will add a second 1,000-room luxury hotel and 42,000 feet of gaming space to the existing facility. The new hotel will include a 20,000-square-foot spa and 300 House of Blues-themed hotel rooms. The House of Blues will also operate the House of Blues Music Hall and a 9,600-square-foot House of Blues restaurant. In addition, 115,000 square feet of new retail and restaurant space will be added that will connect the new hotel tower to the existing hotel at Mohegan Sun. This space will include restaurants, bars, retail outlets, and a video arcade. Mohegan Sun will also add 115,000 square feet of new convention space. These venues were scheduled to be phased in over three years with completion originally scheduled for the spring of 2010.²⁶

The new 42,000 square foot Casino of the Wind opened in August of 2008 and includes 900 additional slot machines, 10 table games, a poker room with 45 tables, a 15,000-square-foot multi-level, high-energy, branded restaurant/bar, a 2,700-square-foot retail outlet, and a 4,000-square-foot quick-serve dining outlet.

However, as a result of the national recession, Mohegan Sun announced on September 22, 2008 that it was suspending construction of the planned 39-story hotel, the House of Blues music hall, the spa and additional retail and restaurant space, which were to have been completed by the fall of 2010. The remaining parts of the expansion, which have a budget of about \$734 million, have been delayed until at least the fourth quarter of 2009, when regional economic conditions will be reevaluated by the casino executives.²⁷

In CY 2008, slot revenues (win) decreased by 6.5% compared to the previous year, following a 1.8% year-to-year decline in 2007. Due to strength in table games revenues during the first two quarters of the calendar year, other gaming revenues actually increased by 3.0% in contrast to the 7.2% year-to-year decline reported the previous year (2007). It is estimated that non-gaming revenues increased by 6.8% in 2008 as Mohegan Sun continues to diversify its non-gaming offerings, including golf, concerts, sporting events, and other forms of entertainment.

²⁶ On September 21, 2008, Mitchell Etess, President and CEO of Mohegan Sun announced that construction had been temporarily halted on the remaining \$734 million hotel tower, among other components of the planned expansion "due to uncertainty in the economy and its impact on the region's gaming market." Etess stressed that it is a "suspension and not a termination," because the "casino continues to believe in the long-term prospects for the business and the region," (Gannon 2008).

²⁷ Associated Press, "Mohegan Sun Delaying Expansion Plans," see, <http://www.fox61.com/pages/landing/?Mohegan-Sun-delaying-expansion-plans=1&blockID=65412&feedID=341>

It is estimated that annual total revenues for Mohegan Sun decreased by 2.0% over the last year from approximately \$1.522 billion in CY 2007 to \$1.492 billion in CY 2008 (see Table 4). The year-to-year decline in total revenues at Mohegan Sun is attributable to the same factors that have affected Foxwoods and the resort casino sector generally -- higher gasoline prices and on-going construction at the facility in the first three quarters of the calendar year. Our patron origin analysis again suggests that whatever impact Empire City Raceway in Yonkers New York had on visitations to Mohegan was fully realized in the previous calendar year (2007). The most significant impact on Mohegan Sun's revenues has been the recession that began in late 2007 and deepened over the course of CY 2008. Mitchell Etes, the president and chief executive officer of the Mohegan Tribal Gaming Authority, observes that "not even casinos are immune from problems with the economy."²⁸

Table 4

Mohegan Sun Revenues, 2004 to 2008					
Year	Slot Win	Other Gaming	Total Gaming	Non-Gaming	Grand Total
2003	\$ 840,025,608	\$ 352,810,757	\$ 1,192,836,365	\$ 119,283,637	\$ 1,312,120,002
2004	\$ 868,774,303	\$ 337,084,430	\$ 1,205,858,733	\$ 211,025,278	\$ 1,416,884,011
2005	\$ 917,665,730	\$ 384,501,941	\$ 1,302,167,671	\$ 272,153,043	\$ 1,574,320,714
2006	\$ 901,151,565	\$ 356,856,020	\$ 1,258,007,585	\$ 264,181,593	\$ 1,522,189,178
2007	\$ 842,873,026	\$ 367,492,639	\$ 1,210,365,665	\$ 282,015,200	\$ 1,492,380,865
Annual Change, 07- 08	-6.5%	3.0%	-3.8%	6.8%	-2.0%

Source: Connecticut Division of Special Revenue; U.S. Securities & Exchange Commission; Center for Policy Analysis.

1.22 RHODE ISLAND

Twin River (formerly Lincoln Park) and Newport Grand Slots were originally licensed as pari-mutuel facilities with Twin River offering live greyhound racing and Newport Grand offering jai alai. Both facilities were authorized to house video lottery terminals (VLTs) in 1992. In calendar year 2008, Rhode Island's two racinos had combined gross gaming revenues (net terminal income) of \$475.0 million, employed approximately 1,100 people, and paid \$290.8 million to the Rhode Island general treasury (including gaming "taxes" and estimated sales tax revenues).²⁹

²⁸ Associated Press, "Mohegan Sun Delaying Expansion Plans," see, <http://www.fox61.com/pages/landing/?Mohegan-Sun-delaying-expansion-plans=1&blockID=65412&feedID=341>

²⁹ Technically, Twin River and Newport Grand Slots do not actually pay gaming taxes, but receive a share of VLT revenues (29% combined) in exchange for allowing the state to place VLTs at their facilities. The state also shares revenues (10%) with a technology and

1.22a Twin River



The former Lincoln Park greyhound track was rebranded Twin River on March 23, 2007 and is located in Lincoln, Rhode Island off Route 146, approximately 10 minutes north of Providence. In 2007, Twin River completed a \$220 million expansion, which brought its total gaming space to 300,000 square feet. It is now the fifth largest gaming facility in the United States in terms of gaming positions, with 4,752 video lottery terminals (VLTs). There are only four other casinos or racinos in the United States with more slot/VLT machines: Foxwoods (8,104), Mohegan Sun (6,761), Empire State Raceway (5,334), and Bally's Atlantic City (4,786).³⁰ The Twin River expansion also added several new gourmet and family restaurants, an Irish pub and bar lounge, a comedy club, and a 2,000-seat entertainment arena.

According to Twin River officials, the improvement, expansion, and re-branding of the former Lincoln Park was designed to extend its market gravity from a 30 mile radius to a 60 mile radius, which would allow it to draw larger numbers of patrons from the Worcester and Boston markets (Associated Press 2007; Mayerowitz 2007). While last year's (2007) patron origin analysis suggests that this strategy was moderately successful, it also found signs that one element of Twin River's 2007 success story was its cannibalization of the Newport Grand slot parlor in Newport, Rhode Island. This year's patron origin analysis suggests that any "gravity effect" from the 2007 expansion was fully realized in 2007 and early 2008. Twin River has put a small dent in the flow of gamblers from Rhode Island to Connecticut, but it remains primarily a convenience gambling facility that attracts local gamblers from Rhode Island, southeastern Massachusetts, and central Massachusetts.

Twin River continues to offer live greyhound racing on Monday, Wednesday, Friday, and Saturday. It offers simulcast racing everyday except Tuesday. The facility is open 365 days per year from 9:00 am to 3:00 am on Monday through Friday, while it is

communications provider (G-Tech) and keeps approximately 61% of VLT revenues for the general treasury. A similar arrangement is employed by the states of Delaware, New York, and West Virginia.

³⁰ As of December 2008.

open 24 hours on weekends.

The former Lincoln Park, which was rebranded Twin River on March 23, 2007, is located in Lincoln, Rhode Island off Route 146, approximately 10 minutes north of Providence. In 2007, Twin River completed a \$220 million expansion, which brought its total gaming space to 300,000 square feet. It is now the fifth largest gaming facility in the United States in terms of gaming positions, with more than 4,500 video lottery terminals (VLTs). There are only four other casinos in the United States with more slot/VLT machines: Foxwoods (7,240), Mohegan Sun (6,061), Bally's Atlantic City (5,580), and Empire State Raceway in Yonkers, New York (5,500). The Twin River expansion also added several new gourmet and family restaurants, an Irish pub and bar lounge, a comedy club, and a 2,000-seat entertainment arena.

According to Twin River officials, the improvement, expansion, and re-branding of the former Lincoln Park was designed to extend its market gravity from a 15 to 30 mile radius to a 60 mile radius, which would allow it to draw larger numbers of patrons from the Worcester and Boston markets (Associated Press 2007; Mayerowitz 2007). This year's patron origin analysis indicates that this strategy been successful, but it also appears that an equally significant element in Twin River's success has been its cannibalization of the Newport Grand slot parlor in Newport, Rhode Island. Twin River has put a small dent in the flow of gamblers from Rhode Island to Connecticut (see Table 6 below), but it remains primarily a convenience gambling facility that attracts local gamblers from Rhode Island and Massachusetts.

It is estimated that 2008 total revenues for Twin River (excluding live and simulcast racing) were approximately \$447.8 million in CY 2008, compared to \$420.3 million in CY 2007, for a year-to-year increase of 6.5%. From CY 2007 to CY 2008, net terminal income (gross gaming revenues) increased by 8.6%, from \$375.3 million to \$407.5 million, while the annual average number of VLTs increased by 23% from 3,861 in CY 2007 to 4,748 in CY 2008. Net terminal income per VLT per day fell by 3.8% from \$245 per day in CY 2007 to \$235 per day in CY 2008 (see Appendix D).

Notwithstanding its much publicized problems with lenders and creditors, which have resulted in downgrades to its owners' credit ratings, Twin River's 2007 expansion positioned to withstand the current recession better than many gaming facilities throughout the country. It has continued to show a healthy year-to-year increase in net terminal income, although revenue growth flattened in the second half of CY 2008.

Table 5

Twin River Revenues, 2004 to 2008				
Year	Net Terminal Income		Non-Gaming	Grand Total
2004	\$	304,772,574	\$ 26,393,458	\$ 331,166,032
2005	\$	332,901,554	\$ 29,319,305	\$ 362,220,859
2006	\$	329,364,358	\$ 29,642,792	\$ 359,007,150
2007	\$	375,291,175	\$ 45,034,941	\$ 420,326,116
2008	\$	407,498,600	\$ 40,342,361	\$ 447,840,961
Annual Change, 07-08				
		8.6%	-10.4%	6.5%

Source: Rhode Island Lottery Commission & Center for Policy Analysis.

In any analysis of Twin River, it is important to distinguish between its long-term pattern of revenue growth as opposed to its ability to generate sufficient cash flow internally to meet its outstanding debt obligations. Rhode Island Governor Donald L. Carcieri articulated this distinction in rejecting a request from BLB Investors for a reduction in the state’s effective “tax” rate on net terminal income: “This is a problem between BLB and their lenders. They borrowed too much money, like you and I buying a house with less down, but you can’t afford the payment(s). That’s what we’ve got here. They just didn’t put down enough equity.”³¹

1.22b Newport Grand Slots



Newport Grand Slots is located in Newport, Rhode Island on Route 138 at the far south end of Aquidneck Island. The facility no longer offers live jai alai, but simulcasts jai alai games year-round from Dania and Miami, Florida. Newport Grand also offers thoroughbred, harness, and greyhound simulcasts everyday except Tuesday in its new simulcast theater. Newport Grand has 1,527 video lottery terminals, a restaurant, and Club Royale (a restaurant with live entertainment and dancing). The facility is open 365

³¹ Quoted in Gregg (2008).

days per year from 10:00 am to 1:00 am on weekdays and Sundays and from 10:00 am to 2:00 am on Fridays and Saturdays.

In 2005, Newport Grand reached an agreement with the State of Rhode Island that authorized the facility to increase its number of VLTs from 1,070 to 2,101 in exchange for the owners' commitment to expand the facility. The proposed \$20 million expansion will include a new 99-room stand-alone hotel and refurbishment of its gaming space to house the additional VLTs. On September 24, 2008, Newport Grand Slots completed the multi-million dollar transformation of its former jai alai fronton into 22,000 square-feet of non-smoking gaming space with an additional 500 VLTs, six virtual blackjack tables, two new food and beverage outlets, enhanced security operations, and back of house functions.

It is estimated that total annual revenues for Newport Grand Slots (excluding simulcasts) were approximately \$74.2 million in CY 2008, compared to \$79.7 million in CY 2007 for an annual decline of -7.1%, which is the fourth consecutive year-to-year revenue decline for Newport Grand Slots (see Table 6). From CY 2007 to CY 2008, net terminal income (gross gaming revenues) fell by 7.1%, despite a 15% increase in the average number of VLTs from 1,070 to 1,235. Net terminal income per VLT per day fell by 16.9% from \$185 per day in CY 2007 to \$155 per day in CY 2008 (see Appendix D).

Table 6

Newport Grand Revenues, 2004 to 2007				
Year	Net Terminal Income		Non-Gaming	Grand Total
2004	\$	79,056,187	\$ 7,723,878	\$ 86,780,065
2005	\$	78,011,743	\$ 7,341,217	\$ 85,352,960
2006	\$	77,139,657	\$ 6,942,569	\$ 84,082,226
2007	\$	72,706,499	\$ 7,197,943	\$ 79,904,442
2008	\$	67,541,838	\$ 6,686,642	\$ 74,228,480
Annual Change, 07-08		-7.1%	-7.1%	-7.1%

Source: Rhode Island Lottery Commission & Center for Policy Analysis.

1.23 MAINE



On May 6, 2004, the Pine Tree State became the third state in New England – after Rhode Island (1992) and Connecticut (1992) – to authorize expanded gambling in the form of slot machines. The “Governor’s Gambling Control Legislation” was enacted by the Maine State Legislature and signed into law by Governor John E. Baldacci six months after Maine’s voters approved a referendum by 53% to 47% to allow slot machines at the Bangor harness racetrack. The enabling legislation ([P.L. 2003, Title 8, Chapter 31](#)) adopted pursuant to the binding referendum established a 5-member Gambling Control Board (GCB) to oversee operations at the new racino, which opened on November 4, 2005 near Bangor Historic Racetrack and Bass Park on Main Street in Bangor, Maine.³²

Hollywood Slots Hotel & Raceway, which is owned and operated by Penn National Gaming, Inc. currently operates a racino with 1,000 slot machines. The construction of this facility was started in the summer of 2007 and was completed in July of 2008 (Gagnon 2007b). Penn National originally planned to construct a \$90 million slots facility on its 8-acre site, but on February 8, 2007, the company announced plans for a \$131 million upscale racino that would include a hotel and additional dining outlets.³³ Penn National Chairman and CEO Peter Carlino announced that the company accelerated its plans for Hollywood Slots because of “the impressive results being generated by our temporary facility [on Main Street] and a substantial number of patrons driving significant distances to Hollywood Slots at Bangor.”³⁴

³² The Maine Gambling Control Board is appointed by the Governor and confirmed by the Senate. The GCB and its staff are located within the Maine Department of Public Safety, 45 Commerce Drive, Augusta, Maine 04330. See, “Gambling Control Board,” at <http://www.state.me.us/dps/GambBoard/> See, <http://janus.state.me.us/legis/statutes/8/title8ch0sec0.html> for the enabling legislation.

³³ The upscale racino -- a racino with a moderate-sized hotel, a small number of dining and entertainment venues, and other amenities (e.g., retail) was pioneered by Dover Downs in Delaware, which now has 2,700 slot machines, a 232-room hotel with 25,000 square feet of meeting space, gourmet dining and entertainment venues. It also sponsors various sporting events (e.g., boxing). Twin River in Rhode Island also seems to be moving toward this model.

³⁴ Gagnon (2007a). See also, Barrow (2008c). A recent study by Todd Gabe, a University

The new facility features a two-story, semicircular, glass tower gaming area, a seven-story 152-room hotel, a four-story parking garage, restaurants, retail space and a new simulcast facility for off-track wagering. Hollywood Slots' state gaming license allows it to operate up to 1,500 slot machines. The current facility houses 1,000 slot machines, but it is designed to accommodate up to the authorized 1,500 slot machines at a later time.

It is estimated that total annual revenues for Hollywood Slots were \$54.8 million in CY 2008 (+17.9%), compared to \$46.5 million in CY 2007. The increase reflects an increase in slot machine revenues due to the opening of Hollywood Slots permanent gaming facility in 2008 and the addition of 500 slot machines, as well as an increase in non-gaming revenues due to the opening of Hollywood Slots new hotel and meeting space.

In CY 2008, slot machine revenues (win) increased by 16.8% compared to the previous year, following a 15.3% year-to-year increase in 2007. It is estimated that non-gaming revenues increased by 32.6% in 2008 as Hollywood Slots opened its new hotel, meeting space, and food and beverage outlets.

However, with the addition of 500 new slot machines and the sagging economy, the daily net revenue (win) per slot decreased by 24.8% on a year-to-year basis from \$249 per day in CY 2007 to \$188 per day in CY 2008.

Table 7

Hollywood Slots Hotel & Raceway Revenues, 2005 to 2008					
Year	Gross Gaming Revenue		Non-Gaming Revenue		Total Revenue
2005	\$	4,155,653		N/A	\$ 4,155,653
2006	\$	37,521,884	\$	1,125,657	\$ 38,647,541
2007	\$	43,251,970	\$	3,200,646	\$ 46,452,616
2008	\$	50,515,382	\$	4,243,292	\$ 54,758,674
Annual Change, 07-08		16.8%		32.6%	17.9%

of Maine professor, estimates that Hollywood Slots has generated an additional \$20 million in indirect (off-site) spending by casino patrons from November 2005 to March 2007: \$14 million at local restaurants and \$6 million at local hotels (Dolloff 2007).

2.00 PATRON ORIGINS

2.10 METHODOLOGY

The patron origin analysis was conducted on five different days: Friday, January 16, 2009 from 9:00 am through Tuesday, January 20, 2009 to midnight.³⁵ This time frame includes one holiday (Martin Luther King Day), two weekdays (Monday and Tuesday), and two days of the weekend (Saturday and Sunday). Sample counts of at least 2,000 automobile license plates were taken each day during the five-day observation period at Foxwoods, Mohegan Sun, and Twin River, while sample counts of at least 600 automobile license plates were taken each day at Newport Grand Slots and Hollywood Slots. This sample was distributed across the day by counting at least 400 license plates at each of the major facilities during each of four periods on each day as defined below:

- Sample 1: Morning (between 9:00 am and 11:00 am)
- Sample 2: Afternoon (between 2:00 pm and 4:00 pm)
- Sample 3: Evening (between 7:00 pm and 9:00 pm)
- Sample 4: Late Night (between 12:00 am and 2:00 am)

In calculating annual estimates of the percentage of Foxwood's, Mohegan's, Twin

³⁵ The methodology employed in the patron origin analysis has been validated by academic peer review and published by Jeffrey Dense and Clyde W. Barrow, "Estimating Casino Expenditures by Out of State Patrons: Native American Gaming in Connecticut," *Journal of Travel Research* (May 2003): 410-15. Findings generated by this methodology have been cited as authoritative by regional economists at the University of Connecticut, see, Arthur W. Wright, "As the Wheel of Fortune Turns: Casinos Revisited," *The Connecticut Economy: A University of Connecticut Quarterly Review* (September 2006): 8-11, research economists at the Federal Reserve Bank of Boston, see, Heather Brome, "Memorandum on Economic Impact of Casino Development," (September 14, 2006), at <http://www.bos.frb.org/economic/neppc/memos/2006/brome091406.pdf>, the Connecticut Economic Resource Center (Marsden 2007), and by the international accounting firm UHY Advisors, *Casino Gaming in Massachusetts: An Economic, Fiscal, and Social Analysis* (Boston: Greater Boston Chamber of Commerce, 2008). These estimates are also consistent with public statements by Foxwoods and Mohegan Sun officials (e.g., *Boston Globe*, October 21, 1995; *New London Day*, March 28, 2004; *New York Times*, October 21, 2007). The University of Connecticut Center for Economic Analysis also conducted a patron intercept survey at Foxwoods from September 7 to 13, 1999 with 496 respondents, see, Fred Carstensen, William Lott, Stan McMillen, Bobur Alimov, Na Li Dawson, and Tapas Ray, *The Economic Impact of the Mashantucket Pequot Tribal Nation Operations in Connecticut* (Storrs, CT: University of Connecticut Center for Economic Analysis, 2000). The UCCEA survey found that 33% of Foxwoods patrons lived in Massachusetts, 27.5% in Connecticut, 17.2% in Rhode Island, 2.6% in New Hampshire, 1.8% in Maine, 0.8% in Vermont, 9.2% in New York, and 2.0% in New Jersey, and 5.5% in other states. The reliability of the findings is bolstered by the fact that three different survey methodologies have arrived at almost identical results.

River's, Newport's, and Hollywood's patrons that originate in various states, it is assumed that traffic flows and patron origins are constant, on average, on similar types of days and during similar times of the day.³⁶ Thus, sampling counts are extrapolated on a daily basis for each day of the week during a 365-day year.³⁷ Weekdays are defined as Monday, Tuesday, Wednesday, Thursday, and Friday. Weekend days are defined as Saturday and Sunday. Holidays are defined as New Year's Day, Martin Luther King, Jr. Day, President's Day, Patriot's Day (Massachusetts state holiday), Easter, Memorial Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, and Christmas Day. The purpose of the automobile and bus count was to derive an estimate of the percentage of private automobiles and tour buses originating in Massachusetts, Rhode Island, Connecticut, Vermont, New Hampshire, Maine, New York, and New Jersey. Vehicles from other states and Canada are classified as Other. It is assumed that all vehicles originate in their state of registration as determined by license plate identifications.³⁸

The Center for Policy Analysis also estimated the percentage of tour buses originating in the states of Massachusetts, Rhode Island, Connecticut, Vermont, New Hampshire, Maine, New York, and New Jersey. Tour buses from other states and Canada were classified as Other. Because the majority of buses remain in the lots for an extended period of time, sample counts of the tour buses were taken on a less frequent basis to avoid double counting. Two counts per day were taken of the tour buses parked at Foxwood's Norwich, Connecticut bus area and at Mohegan Sun's Oversized Vehicle parking lot. It is assumed that all buses originate in their state of registration as determined by license plate identifications.

Using the patron origin methodology, research staff from the Center for Policy Analysis surveyed 10,133 private automobiles and 260 tour buses at Foxwoods; 9,231 private automobiles and 287 tour buses at Mohegan Sun; 9,953 private automobiles at

³⁶ A similar patron origin analysis of Foxwoods was conducted by the Center for Policy Analysis in 1995. A second analysis was conducted of Foxwoods and Mohegan in 1999, followed by a third count in 2004, a fourth count in 2006, and a fifth count in 2008. A comparison of results across the five surveys for similar types of days and similar times of day indicate that this assumption is methodologically reliable and empirically correct.

³⁷ The years 2004 and 2008 are leap years so the calculations for this analysis used a 366-day year.

³⁸ It is likely that some automobiles are rented by out-of-state or foreign visitors, while some visitors arriving by tour bus are also not from the vehicle's state of origin. It is estimated that about 3% of total visitations to Foxwoods and Mohegan come from outside the Northeast, but arrive with New England license plates. This does not pose a methodological problem, because the purpose of a patron origin analysis is to identify the revenue leaving a particular state (regardless of citizenship) that could be captured or recaptured if a comparable facility is constructed in that state. The Mohegan Tribal Gaming Authority (2008, 37) reports that "primarily all Mohegan Sun...patrons arrive via automobile and are assumed to work or live in the northeastern United States."

Twin River; 3,693 private automobiles at Newport Grand Slots; and 3,599 private automobiles at Hollywood Slots.³⁹ Based on these samples, it is estimated that 90 percent of Foxwood's and Mohegan Sun's visitors arrive by private automobile, while the remaining 10 percent arrive by tour bus. The unweighted percentages for patron origins by day are weighted to account for the type of transportation and the type of day using the following formula:

$$\begin{aligned}\text{Adjusted State Percentage for Weekdays} &= [(\text{Car Weekday Percentage} * .667) * .90] \\ &\quad + [(\text{Bus Weekday Percentage} * .667) * .10] \\ \text{Adjusted State Percentage for Weekends} &= [(\text{Car Weekend Percentage} * .303) * .90] \\ &\quad + [(\text{Bus Weekday Percentage} * .303) * .10] \\ \text{Adjusted State Percentage for Holidays} &= [(\text{Car Weekday Percentage} * .030) * .90] \\ &\quad + [(\text{Bus Weekday Percentage} * .030) * .10]^{40}\end{aligned}$$

The weighted estimates for private automobiles and tour buses were then translated from percentages of vehicles to percentages of patrons based on field observations and public statements by casino executives that visitations during weekends and holidays are approximately double those of the weekdays.⁴¹ Thus, the weighted estimates for private automobiles and tour buses are translated into percentages of patrons using the formula:

$$\text{Percent Patrons} = [(\text{Weekend}\% * 2) + (\text{Holiday}\% * 2)] + [\text{Weekday}\%/2]$$

³⁹ Variations of patron origin analysis (Las Vegas Visitors & Convention Authority 2001; Meyer-Arendt 1998; Carstensen et al. 2000), including license plate counts have been used by researchers in Oregon, Mississippi, and Louisiana to ascertain the geographic, and even the demographic, profile of casino visitors (Whelan 1996; Drobic 2000; Ryan 1999). Government agencies, academic research institutes, and private consultants have reliably used license plate counts in a wide range of travel and tourism studies, e.g. Wilbur Smith Associates (2003, 1-19), Knap & Barchers (2001, 21), Boston Metropolitan Planning Organization (2004), Fehr & Peers (2003), Municipality of Metropolitan Seattle (1991), (Wisconsin Department of Tourism (no date); Oregon State University (1997); Arizona Office of Tourism (2003, 2005); Kitakyushu City (2005); Government of Alberta (2005).

⁴⁰ The adjustment factors of .667, .303, and .030 are the percentage of weekdays, weekend days, and holidays, respectively, in the 2008 calendar year based on the definitions in the methodology. The adjustment factors of .90 and .10 are the estimated percentage of patrons arriving by car and bus.

⁴¹ This observation is confirmed by statements from both Foxwoods and Mohegan Sun officials, see, Florin (2004a), who notes that "the two casinos are busiest on weekends, though they both make extensive efforts to lure customers during the week."

2.20 FINDINGS

The total weighted estimates, including both types of transportation, indicate that casino and racino patrons originate from the following states (see Table 8):

Table 8
Estimated Patron Origins by State, 2009:
Foxwoods, Mohegan Sun, Twin River, Newport Grand, & Hollywoods Slots

	Foxwoods	Mohegan	Twin River	Newport	Hollywood
Massachusetts	31.4%	16.6%	40.6%	38.9%	1.0%
Connecticut	35.9%	56.7%	2.4%	1.9%	0.0%
Rhode Island	13.2%	3.9%	54.5%	56.2%	0.0%
New Hampshire	3.2%	1.3%	0.9%	0.5%	1.0%
Maine	1.1%	0.4%	0.2%	0.0%	95.5%
Vermont	0.3%	0.3%	0.1%	0.0%	0.4%
New York	10.8%	15.9%	0.5%	1.1%	0.3%
New Jersey	2.1%	1.8%	0.1%	0.1%	0.3%
Other	2.0%	3.1%	0.7%	1.3%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Center for Policy Analysis. **Note:** The statistical margin of error for the Foxwoods, Mohegan, Twin River, Newport, and Hollywood surveys is +/- < 1%.

The results for Foxwoods and Mohegan Sun are consistent with earlier patron origin analyses by the Center for Policy Analysis, which used the same methodology to estimate patron origins in 1995, 1999, 2004, 2006, and 2008 (see Table 9 and Table 10).⁴² The only statistically significant shifts in patron origins during the last year are a decline in the percentage of patrons originating in Massachusetts and a slight increase in the number of patrons originating in New York.

⁴² The University of Connecticut Center for Economic Analysis (Carstensen et al. 2000) conducted a patron intercept survey from September 7 to 13, 1999 with 496 respondents. The UCCEA survey found that 33% of patrons lived in Massachusetts, 27.5% in Connecticut, 17.2% in Rhode Island, 2.6% in New Hampshire, 1.8% in Maine, 0.8% in Vermont, 9.2% in New York, and 2.0% in New Jersey, and 5.5% in other states. The reliability of the findings is bolstered by the fact that two different survey methodologies have arrived at comparable results.

Table 9

Foxwoods Resort: Estimated Patron Origins by State, 1995 to 2009						
	Oct-95	Feb-99	Apr-04	Feb-06	Feb-08	Jan-09
Massachusetts	33.0%	36.0%	36.0%	34.8%	36.0%	31.4%
Connecticut	29.0%	28.3%	26.5%	33.3%	33.0%	35.9%
Rhode Island	14.3%	13.3%	15.4%	13.9%	13.0%	13.2%
New Hampshire	N/A	3.0%	2.6%	3.1%	3.1%	3.2%
Maine	N/A	1.5%	1.7%	1.3%	1.4%	1.1%
Vermont	N/A	0.7%	0.6%	0.5%	0.3%	0.3%
New York	10.8%	11.9%	10.6%	9.0%	9.2%	10.8%
New Jersey	N/A	N/A	4.0%	2.0%	1.9%	2.1%
Other	12.9%	5.3%	2.5%	2.1%	2.1%	2.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Center for Policy Analysis. **Note:** The statistical margin of error for all Foxwoods surveys is +/- < 1%. NA = Data not available or less than 0.001% (included in Other).

Table 10

Mohegan Sun: Estimated Patron Origins by State, 1999 to 2009					
	Feb-99	Apr-04	Feb-06	Feb-08	Jan-09
Massachusetts	22.8%	21.0%	20.9%	20.7%	16.6%
Connecticut	46.0%	44.3%	52.7%	53.8%	56.7%
Rhode Island	7.8%	5.6%	4.6%	4.2%	3.9%
New Hampshire	1.8%	1.5%	2.0%	1.5%	1.3%
Maine	0.8%	0.9%	0.8%	0.6%	0.4%
Vermont	0.4%	0.4%	0.4%	0.3%	0.3%
New York	15.6%	19.6%	14.2%	14.8%	15.9%
New Jersey	N/A	4.1%	2.4%	1.9%	1.8%
Other	4.8%	2.7%	2.0%	2.2%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Center for Policy Analysis. **Note:** The statistical margin of error for all Mohegan surveys is +/- < 1%. NA = Data not available (included in Other).

The geographic structure of New England's casino gaming market has been comparatively stable over the years, since most of the nominal changes in patron origin have been within the survey's margin of error.

Table 11

Twin River: Estimated Patron Origins by State, 2004 to 2009				
	Apr-04	Feb-06	Feb-08	Jan-09
Massachusetts	34.6%	40.5%	42.3%	40.6%
Connecticut	-	0.6%	1.4%	2.4%
Rhode Island	65.4%	57.8%	54.6%	54.5%
New Hampshire	-	0.2%	0.6%	0.9%
Maine	-	0.1%	0.1%	0.2%
Vermont	-	0.0%	0.0%	0.1%
New York	-	0.2%	0.3%	0.5%
New Jersey	-	0.1%	0.1%	0.1%
Other	-	0.5%	0.6%	0.7%
Total	100.0%	100.0%	100.0%	100.0%

The improvements to Twin River have made it a more competitive and attractive convenience gaming facility. However, the improvements to Twin River since 2004 appear to have recaptured only a marginal percentage of Rhode Islanders' expenditures at Foxwoods (see Table 9 and Appendix A), since Ocean State patronage of Foxwoods remained quite stable even after Twin River's \$225 million expansion.⁴³ In last year's *New England Casino Gaming Update*, it was noted that a major element of Twin River's resurgence in 2007 was its ability to attract more Massachusetts residents, who rose to 42.3 percent of the racino's customer base compared in that year, compared to 40.5 percent in 2006 and 34.5 percent in 2004. It was estimated that Massachusetts residents spent a total (gaming and non-gaming) of \$32.4 million more (+22.3%) at Twin River in CY 2007 compared to CY 2006, and nearly half of this increase was due to a net increase in expenditures at Twin River by Massachusetts residents, while about half of the increase was captured by diverting a small number of Massachusetts residents from Connecticut; most likely traffic from the Greater Worcester area that was diverted from Mohegan Sun.

However, as noted elsewhere, the effect of Twin River's increased "gravity" appears to have been fully realized in CY 2007, but stabilized in CY 2008. Total spending at Twin River by Massachusetts residents increased by only \$4.5 million (+2.5%) compared to CY 2007, which is a smaller rate of increase than the 6.5% overall increase in total revenues estimated for Twin River. However, Twin River does appear to be intercepting a slightly larger number of patrons from northern New England - Maine and New Hampshire - who may have been shortening trips due to higher gas prices.

⁴³ This estimate assumes optimistically that 100% of the decline in Rhode Islanders' expenditures at Foxwoods and Mohegan Sun were diverted to Twin River.

Rhode Island residents also increased spending at Twin River partly by \$14.6 million (+6.3%) in CY 2008, compared to CY 2007, but Twin River also appears to be cannibalizing Newport Grand since its 2007 improvements. Newport Grand Slots reported its fourth year-to-year revenue decline, which is mainly due to a decline in its Massachusetts customer base, or the diversion of a portion of its Massachusetts customer base to Twin River, which appears to account for most of that state's expenditure increase at Twin River (see Table 12).

Table 12

Newport Grand Slots: Estimated Patron Origins by State, 2004 to 2008				
	Apr-04	Feb-06	Feb-08	Jan-09
Massachusetts	72.8%	43.8%	43.1%	38.9%
Connecticut	-	2.1%	1.8%	1.9%
Rhode Island	27.2%	52.1%	52.7%	56.3%
New Hampshire	-	0.2%	0.2%	0.5%
Maine	-	0.1%	0.0%	0.0%
Vermont	-	0.0%	0.1%	0.0%
New York	-	0.4%	0.9%	1.1%
New Jersey	-	0.1%	0.2%	0.1%
Other	-	1.2%	1.0%	1.2%
Total	100.0%	100.0%	100.0%	100.0%

In last year's *New England Casino Gaming Update*, it was noted that the most statistically significant geographic shift in the New England gaming market was the decline in Mid-Atlantic traffic - New York, New Jersey, and Pennsylvania - to Connecticut's two casinos. This decline, which was particularly acute at Mohegan Sun, was largely attributed to improvements at several of the Atlantic City casinos,⁴⁴ the opening of numerous Pennsylvania racinos, and the addition of eight racinos and three Indian casinos in New York state (especially Empire State Raceway in Yonkers, New York). Patronage by New Jersey residents has fallen by approximately 50 percent since 2004 at both Foxwoods and Mohegan Sun, while patronage by New York residents has fallen by about 24 percent at Mohegan Sun. Residents of Pennsylvania have virtually ceased to visit Foxwoods and Mohegan Sun since the opening of their own racinos (Darrow 2007). The impact of the New Jersey's, New York's, and Pennsylvania's gambling expansion and facilities improvement strategies, which are designed to recapture at least a portion of the gambling revenues leaving those states, has had a quantifiable impact on visitor traffic to Mohegan Sun, while Pennsylvania's racinos have put a significant dent in Atlantic City's slot revenues (Wittkowski 2007; Parmley 2007;

⁴⁴ Revel Entertainment Group, Pinnacle Entertainment, MGM Mirage, and a private partnership of former casino executives have announced \$9 billion in new capital investment to construct four new Atlantic City resort casinos that will add nearly 1 million square feet of gaming space and as many as 9,000 new hotel rooms. Expected completion dates for all projects are 2011 and 2012 (see, Parry 2007) .

Perone 2008) (see Appendix E).

In its 2006 annual report, filed with the U.S. Securities and Exchange Commission (2006, 37), the Mohegan Tribal Gaming Authority noted that “in addition to Foxwoods, we also face competition from existing casino and other gaming operations elsewhere in our market areas.” Mohegan Sun identifies increased competition, including the legalization or expansion of gaming in New England, New York, New Jersey or Pennsylvania as major factors that “could affect our future financial condition or results of operations” (MTGA 2006, 1). In defining its competitive position within the New England-Mid-Atlantic gaming market, Mohegan Sun “currently competes primarily with Foxwoods,” but it also “competes for overnight customers with casinos located in Atlantic City” (Ibid., 13, 37).

However, Mohegan officials also observe that their casino faces “existing and future competition in the immediate Pennsylvania gaming market” (Ibid., 7), as well as “competition from several casinos and gaming facilities located on Indian tribal lands in New York, and from racetracks in New York that operate video lottery terminals, or VLTs” (Ibid., 9, 37). New York has six federally recognized tribes located in the central, northern, and western parts of the state and three of these tribes -- the Oneida Nation of New York, the Seneca Nation, and the St. Regis Mohawk Tribe of New York -- operate significant casino gaming facilities.

For example, the Oneida Nation’s Turning Stone Casino has 2,100 VLTs, 100 table games, 20 poker tables, and a 750-room hotel after completing a \$380 million expansion (Ibid., 10). In December 2005, the Seneca Nation opened a \$200 million hotel and casino in Niagara Falls. The Niagara gaming complex includes 600 hotel rooms, 2 restaurants, a bar, and an event center, as well as 35,000 square feet of gaming space with about 4,200 slot machines and 100 table games. The Seneca also operate a second temporary gaming facility in Salamanca, New York, which opened in May 2004 that features approximately 1,800 slot machines and 25 table games. Its permanent facility, which is currently under construction, is projected to have a 220-room hotel and 64,500 square feet of gaming space with 2,100 slot machines (Ibid., 11). In addition, racetracks located Yonkers, Batavia, Hamburg, Nichols, Vernon, Monticello, Saratoga Springs and Farmington, New York currently operate an aggregate of approximately 13,000 VLTs (MGTA 2007, 10).

The result is that New York patronage at Mohegan Sun fell from 19.6% of its customer base in 2004 to 14.8% in 2007, while New Jersey patronage fell from 4.1% to 1.9% over the same three years. Pennsylvania traffic to both Foxwoods and Mohegan Sun (included under “Other”) has virtually disappeared since the opening of that state’s first slot parlors. Similar declines at Foxwoods are within the statistical margin of error, but may reflect a similar but less dramatic trend at that facility. Although each of these impacts is marginal when taken by itself, cumulatively they are sufficient to account for

the small decreases in revenue reported at Foxwoods and Mohegan Sun from 2006 to 2007, but the impact of this increased regional competition seems to have been fully absorbed at this point as patronage levels from the Mid-Atlantic to Connecticut stabilized in CY 2008.

The market entry of another convenience gambling facility -- Hollywood Slots in Bangor, Maine -- has only marginally reversed the flow of gambling traffic from Maine to Connecticut, which remains comparatively stable at this point (see Table 9, Table 10, and Table 13 for Maine). The small decline in the number of Mainers traveling to Connecticut is probably due more to gasoline prices and the overall decline in the economy, rather than competition from Hollywood Slots. Hollywood Slots is an upscale convenience gaming facility that continues to draw the vast majority of its customers from Maine, although the 2006 *New England Gaming Behavior Survey* found that 70% of its customers travel more than 30 minutes to reach the facility.⁴⁵

Table 13

Hollywood Slots Hotel & Raceway: Estimated Patron Origins by State, 2006 to 2009		
	Nov-06	Jan-09
Massachusetts	3.6%	1.0%
Connecticut	0.0%	0.0%
Rhode Island	0.0%	0.0%
New Hampshire	1.9%	1.0%
Maine	94.2%	95.5%
Vermont	0.0%	0.4%
New York	0.0%	0.3%
New Jersey	0.0%	0.3%
Other	0.3%	1.5%
Total	100.0%	100.0%

⁴⁵ An informal license plate count by an Associated Press reporter on opening day observed "a smattering of license plates from Massachusetts, New Hampshire, New York, and New Brunswick," see, Clarke Canfield, "Maine's First Slots Parlor Opens to Waiting Crowds," (Associated Press, November 4, 2005). Similarly, an informal license plate count by the *Bangor Daily News*, November 21, 2005 found that "sprinkled here and there throughout the lot were plates from Vermont, Massachusetts, Connecticut, and New Brunswick, but most of the gamblers parked in front of the slots machines inside were Mainers." According to information from Amy Kenney, Manager of Marketing and Public Relations for Penn National Gaming, Inc., 85% to 90% of Hollywood Slots Players Club members are Maine residents. The results of the 2006 *New England Gaming Behavior Survey* found that 94.2% of the visitations to Hollywood Slots were by Maine residents.

3.00 ESTIMATED TOTAL EXPENDITURES BY PATRONS

3.10 FOXWOODS RESORT & MOHEGAN SUN

Native American casinos are not ordinarily required to publish financial information or other data about their operations. However, the gaming compacts between the State of Connecticut and the Mashantucket Pequot and Mohegan Tribes require them to share 25 percent of slot revenues with the state in exchange for exclusive rights to operate slot machines. The slot revenues received by the state from Foxwoods Resort and Mohegan Sun are a state public record published by the Connecticut Division of Special Revenue, while more detailed information about Mohegan Sun's operations and revenues are reported to the U.S. Securities & Exchange Commission on Form 10-K.⁴⁶

In Calendar Year 2008, Foxwoods paid \$184,000,340 to the State of Connecticut, compared to \$195,839,426 in CY 2007 and \$204,202,649 in CY 2006. Mohegan Sun paid \$210,718,257 to the State of Connecticut in CY 2008, compared to \$225,314,435 in CY 2007 and \$229,416,433 in CY 2006.

Each casino's slot win is reported monthly to the Connecticut Division of Special Revenue. Slot revenues (win) for Foxwoods were \$736,001,360 in CY 2008 (-6.1%), compared to \$783,358,001 in CY 2007 and \$816,810,594 in CY 2006.

Slot revenues (win) for Mohegan Sun were \$842,873,026 in CY 2008 (-6.5%) compared to \$901,151,565 in CY 2007 and \$917,665,730 in CY 2006.

National and micro-level economic impact assessments of casino activity in the United States consistently document that slot revenues account on average for 70% of total gross gaming revenues at destination resort casinos. This ratio yields Calendar Year 2008 gross gaming revenues for Foxwoods of approximately \$1,051,745,943 (-6.0%), compared to \$1,119,418,583 in CY 2007 and \$1,166,405,528 in CY 2006. It is estimated that gross gaming revenues at Foxwoods have declined by \$114.7 million over the last two calendar years (-9.8%).

Mohegan Sun's estimated gross gaming revenues are based on data and ratios

⁴⁶ Mohegan Sun's annual financial report is public, because it financed its expansion (Project Sunburst) with a public bond offering to investors. This means the casino has to comply with the Sarbanes-Oxley Act of 2002, which was passed to make companies more accountable and more transparent to investors (Florin 2004b). The casino's financial data is reported to the U.S. Securities & Exchange Commission each year on Form 10-K in contrast to Foxwoods, which has financed its expansion with internal or private revenues.

derived from its FY 2008 SEC Form 10-K filing.⁴⁷ Mohegan Sun's estimated gross gaming revenues for CY 2008 are \$1,210,365,665 (-3.8%), compared to \$1,258,007,585 in CY 2007 and \$1,302,167,671 in CY 2006. It is estimated that gross gaming revenues at Mohegan Sun have declined by \$91.8 million over the last two calendar years (-7.0%).

Previous economic impact assessments of Foxwoods Resort, and more recently Mohegan Sun, have been conducted by Arthur W. Wright Associates (1993), the WEFA Group (1997), and the University of Connecticut Center for Economic Analysis (2000). The 1993 and 2000 studies were commissioned by Foxwoods Resorts and the 1997 study was commissioned by the Connecticut State Lottery. The three studies include proprietary data on Foxwood's operations that make it possible to estimate the casino's non-gaming revenues from hotels, restaurants, shops, entertainment, and other attractions and to compare those to national ratios for similar gaming establishments (e.g., Atlantic City, Mississippi, and Las Vegas). Non-gaming revenues for Foxwoods are estimated to equal 28% of total revenues. Based on its FY 2008 SEC Form 10-K filing, non-gaming revenues for Mohegan Sun are known to be 18.9% of total revenues (or 23.3% of gross gaming revenues).

These ratios yield Calendar Year 2008 total (gaming + non-gaming) revenues of approximately \$1.46 billion for Foxwoods and \$1.49 billion for Mohegan Sun.⁴⁸

If the patrons from various states account for an equal or average per capita share of the two facilities' annual total revenues,⁴⁹ then it is estimated that:

- Massachusetts residents spent approximately \$709.0 million in CY 2008 at Connecticut's two Native American casinos, compared to \$846.2 million in CY 2007 and \$876.2 million in CY 2006 (see Appendix A). It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Massachusetts residents has declined by \$137.2 million over the last two calendar years (-19.1%).

⁴⁷ Mohegan Sun's "other gaming revenues" (i.e., table games) are 30.4% of gross gaming revenues.

⁴⁸ These estimates are consistent with previous studies by Arthur W. Wright Associates (1993), the WEFA Group (1997), Economic Research Associates (1999), the University of Connecticut Center for Economic Analysis (2000), and public statements by Foxwoods officials (*Boston Globe*, October 21, 1995, 41).

⁴⁹ This is a highly conservative assumption, but one that is consistent with the standard average or per capita cost method most commonly used in fiscal impact analyses, see Burchell, Listokin and Dolphin (1985). A review of the Center for Policy Analysis methodology conducted by scholars at the John F. Kennedy School of Government concludes that "these figures are conservative in that they assume that out-of-state visitors spend the same amount of time and money at the Connecticut casinos. Evidence from Louisiana indicates that out-of-state customers spend more time at a casino than in-state residents...even more might be recaptured than these calculations would indicate" (Taylor et al. 2002, 7).

- Rhode Island residents spent approximately \$250.9 million in CY 2008 at Connecticut's two Native American casinos, compared to \$261.0 million in CY 2007 and \$291.6 in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Rhode Island residents has declined by \$40.7 million over the previous two calendar years (-14.0%).
- New Hampshire residents spent approximately \$66.1 million in CY 2008 at Connecticut's two Native American casinos, compared to \$75.9 million in CY 2007 and \$80.4 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by New Hampshire residents has declined by \$14.3 million over the previous two calendar years (-17.8%).
- Maine residents spent approximately \$22.0 million in CY 2008 at Connecticut's two Native American casinos, compared to \$32.7 million in CY 2007 and \$33.1 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by Maine residents has declined by \$11.1 million over the last two calendar years (-33.5%).
- New York residents spent approximately \$237.3 million in CY 2008 at Connecticut's two Native American casinos, compared to \$350.3 million in CY 2007 and \$365.5 million in CY 2006. It is estimated that total spending at Foxwoods Resort and Mohegan Sun by New York residents has declined by \$128.2 million over the previous two calendar years (-35.1%).

Based on these figures, it is estimated that:

- Massachusetts residents contributed \$93.1 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- Rhode Island residents contributed more than \$32.5 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- New Hampshire residents contributed more than \$8.6 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- Maine residents contributed more than \$2.9 million to the Connecticut state treasury as a result of its citizens' gaming activity in that state.
- New York residents contributed more than \$53.6 million to the

Connecticut state treasury as a result of its citizens' gaming activity in that state.

3.20 TWIN RIVER & NEWPORT GRAND SLOTS

The net terminal income (the VLT equivalent of slot win) at Twin River for Calendar Year 2008 was \$407,498,600 (+9.2%), compared to \$373.3 million in CY 2007 and \$329.4 million in CY 2006. Net terminal income at Twin River has increased by \$78.1 million over the previous two calendar years (+23.7%).

The net terminal income at Newport Grand Slots was \$67.5 million for Calendar Year 2008 compared to \$72.7 million in CY 2007 and \$77.1 million in CY 2006. Net terminal income at Newport Grand Slots has declined by \$9.6 million over the previous two calendar years (-12.5%).

The total estimated gaming and non-gaming expenditures at Twin River and Newport Grand Slots by Rhode Island residents was \$286.2 million in CY 2008, compared to \$271.6 million in CY 2007 and \$251.3 in CY 2006.

The total estimated gaming and non-gaming expenditures at Twin River and Newport Grand Slots by Massachusetts residents was \$210.8 million in CY 2008, compared to \$212.2 million in CY 2007 and \$182.2 million in CY 2006 (see Appendix A):

- Massachusetts residents contributed approximately \$117.4 million to the Rhode Island state treasury in CY 2008 as a result of its citizens' gaming and other gaming related expenditures in that state.
- Rhode Island residents contributed approximately \$159.5 million to the Rhode Island state treasury as a result of its citizens' gaming and other gaming related expenditures in that state.

3.30 HOLLYWOOD SLOTS

Hollywood Slots in Bangor, Maine reports its slot machine handle and win to the Maine Gaming Control Board on a monthly basis. Slot revenues at Hollywood Slots were \$50.5 million in Calendar Year 2008, compared to \$43.3 million in CY 2007 and \$38.6 million in CY 2006. Gross gaming revenues at Hollywood Slots have increased by \$11.9 million over the previous two calendar years (+30.8%).

More detailed information about Hollywood Slot's operations and revenues are reported to the U.S. Securities & Exchange Commission on Form 10-K by Penn National Gaming, Inc. Based on information in this filing, it is estimated that non-gaming revenues account for approximately 8.4 percent of Hollywood Slots' total revenues, or

\$4.2 million. Thus, the total estimated gaming and non-gaming revenues at Hollywood Slots was \$54.8 million in CY 2008, compared to \$46.5 million in CY 2007 and \$38.6 million in CY 2006 (see Appendix A). It is estimated that total (gaming and non-gaming) revenues at Hollywood Slots have increased by \$16.2 million over the previous two calendar years (+42.0%).

If the patrons from various states account for an equal or average per capita share of the gaming facilities' annual total revenues, then it is estimated that:

- Maine residents spent approximately \$52.3 million in CY 2008 at Hollywood Slots, compared to \$46.3 million in CY 2007 and \$36.4 million in CY 2006 (see Appendix A).
- Massachusetts residents spent approximately \$602,000 in CY 2008 at Hollywood Slots, compared to \$1.7 million in CY 2007 and \$1.4 million in CY 2006.
- New Hampshire residents spent approximately \$602,000 in CY 2008 at Hollywood Slots, compared to \$883,000 in CY 2007 and \$734,000 in CY 2006.

Based on these figures, it is estimated that:

- Maine residents contributed approximately \$22.7 million to the Maine general treasury and to the City of Bangor as a result of its citizens' gaming and other expenditure activity in that state.
- Massachusetts residents contributed approximately \$262,000 to the Maine general treasury and to the City of Bangor as a result of its citizens' gaming and other expenditure activity in that state.
- New Hampshire residents contributed approximately \$262,000 to the Maine general treasury and to the City of Bangor as a result of its citizens' gaming and other expenditure activity in that state.

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APPENDICES

Center for Policy Analysis
University of Massachusetts Dartmouth

APPENDIX A						
CONNECTICUT	Slot Win	Other Gaming	Total Gaming	NonGaming	Grand Total	Contribution to CT
FOXWOODS	\$736,001,360	\$315,744,583	\$1,051,745,943	\$408,077,426	\$1,459,823,369	\$184,000,340
MA	\$232,576,430	\$99,775,288	\$332,351,718	\$128,952,467	\$461,304,185	\$66,240,122
RI	\$97,152,180	\$41,678,285	\$138,830,464	\$53,866,220	\$192,696,685	\$23,920,044
CT	\$262,016,484	\$112,405,072	\$374,421,556	\$145,275,564	\$519,697,119	\$60,720,112
NH	\$23,552,044	\$10,103,827	\$33,655,870	\$13,058,478	\$46,714,348	\$5,704,011
ME	\$8,096,015	\$3,473,190	\$11,569,205	\$4,488,852	\$16,058,057	\$2,576,005
VT	\$2,208,004	\$947,234	\$3,155,238	\$1,224,232	\$4,379,470	\$736,001
NY	\$80,224,148	\$34,416,160	\$114,640,308	\$44,480,439	\$159,120,747	\$16,928,031
NJ	\$15,456,029	\$6,630,636	\$22,086,665	\$8,569,626	\$30,656,291	\$3,496,006
OTHER	\$14,720,027	\$6,314,892	\$21,034,919	\$8,161,549	\$29,196,467	\$3,680,007
MOHEGAN SUN	\$842,873,026	\$367,492,639	\$1,210,365,665	\$282,015,200	\$1,492,380,865	\$210,718,257
MA	\$139,916,922	\$61,003,778	\$200,920,700	\$46,814,523	\$247,735,224	\$34,979,231
RI	\$32,872,048	\$14,332,213	\$47,204,261	\$10,998,593	\$58,202,854	\$8,218,012
CT	\$477,909,006	\$208,368,326	\$686,277,332	\$159,902,618	\$846,179,950	\$119,477,251
NH	\$10,957,349	\$4,777,404	\$15,734,754	\$3,666,198	\$19,400,951	\$2,739,337
ME	\$3,371,492	\$1,469,971	\$4,841,463	\$1,128,061	\$5,969,523	\$842,873
VT	\$2,528,619	\$1,102,478	\$3,631,097	\$846,046	\$4,477,143	\$632,155
NY	\$134,016,811	\$58,431,330	\$192,448,141	\$44,840,417	\$237,288,558	\$33,504,203
NJ	\$15,171,714	\$6,614,868	\$21,786,582	\$5,076,274	\$26,862,856	\$3,792,929
OTHER	\$26,129,064	\$11,392,272	\$37,521,336	\$8,742,471	\$46,263,807	\$6,532,266
TOTAL CT	\$1,578,874,386	\$683,237,222	\$2,262,111,608	\$690,092,626	\$2,952,204,234	\$394,718,597
MA	\$372,493,352	\$160,779,066	\$533,272,418	\$175,766,990	\$709,039,408	\$93,123,338
RI	\$130,024,228	\$56,010,498	\$186,034,725	\$64,864,813	\$250,899,538	\$32,506,057
CT	\$739,925,490	\$320,773,398	\$1,060,698,888	\$305,178,182	\$1,365,877,070	\$184,981,372
NH	\$34,509,393	\$14,881,231	\$49,390,624	\$16,724,675	\$66,115,299	\$8,627,348
ME	\$11,467,507	\$4,943,161	\$16,410,668	\$5,616,912	\$22,027,581	\$2,866,877
VT	\$4,736,623	\$2,049,712	\$6,786,335	\$2,070,278	\$8,856,613	\$1,184,156
NY	\$214,240,959	\$92,847,489	\$307,088,449	\$89,320,856	\$396,409,305	\$53,560,240
NJ	\$30,627,743	\$13,245,504	\$43,873,247	\$13,645,900	\$57,519,146	\$7,656,936
OTHER	\$40,849,091	\$17,707,163	\$58,556,254	\$16,904,020	\$75,460,274	\$10,212,273
RHODE ISLAND	NTI	Other Gaming	Total Gaming	NonGaming	Grand Total	Contribution to RI
TWIN RIVER	\$407,498,600	N/A	\$407,498,600	\$40,342,361	\$447,840,961	\$247,726,549
MA	\$165,851,930	N/A	\$165,851,930	\$16,419,341	\$182,271,271	\$100,824,705
RI	\$222,086,737	N/A	\$222,086,737	\$21,986,587	\$244,073,324	\$135,010,969
CT	\$9,779,966	N/A	\$9,779,966	\$968,217	\$10,748,183	\$5,945,437
NH	\$3,667,487	N/A	\$3,667,487	\$363,081	\$4,030,569	\$2,229,539
ME	\$814,997	N/A	\$814,997	\$80,685	\$895,682	\$495,453
VT	\$407,499	N/A	\$407,499	\$40,342	\$447,841	\$247,727
NY	\$2,037,493	N/A	\$2,037,493	\$201,712	\$2,239,205	\$1,238,633
OTHER	\$2,852,490	N/A	\$2,852,490	\$282,397	\$3,134,887	\$1,734,086
NEWPORT GRAND	\$67,541,838	N/A	\$67,541,838	\$6,686,642	\$74,228,480	\$43,086,289
MA	\$26,003,608	N/A	\$26,003,608	\$2,574,357	\$28,577,965	\$16,588,221
RI	\$38,363,764	N/A	\$38,363,764	\$3,798,013	\$42,161,777	\$24,473,012
CT	\$1,418,379	N/A	\$1,418,379	\$140,419	\$1,558,798	\$904,812
NH	\$337,709	N/A	\$337,709	\$33,433	\$371,142	\$215,431
ME	\$0	N/A	\$0	\$0	\$0	\$0
VT	\$0	N/A	\$0	\$0	\$0	\$0
NY	\$675,418	N/A	\$675,418	\$66,866	\$742,285	\$430,863
OTHER	\$742,960	N/A	\$742,960	\$73,553	\$816,513	\$473,949
TOTAL RI	\$475,040,438	N/A	\$475,040,438	\$47,029,003	\$522,069,441	\$290,812,838
MA	\$191,855,538	N/A	\$191,855,538	\$18,993,698	\$210,849,236	\$117,412,927
RI	\$260,450,501	N/A	\$260,450,501	\$25,784,600	\$286,235,101	\$159,483,981
CT	\$11,198,345	N/A	\$11,198,345	\$1,108,636	\$12,306,981	\$6,850,249
NH	\$4,005,197	N/A	\$4,005,197	\$396,514	\$4,401,711	\$2,444,970
ME	\$814,997	N/A	\$814,997	\$80,685	\$895,682	\$495,453
VT	\$407,499	N/A	\$407,499	\$40,342	\$447,841	\$247,727
NY	\$2,712,911	N/A	\$2,712,911	\$268,578	\$2,981,490	\$1,669,496
OTHER	\$3,595,450	N/A	\$3,595,450	\$355,950	\$3,951,400	\$2,208,035

APPENDIX A (continued)						
MAINE	Slot Win	Other Gaming	Total Gaming	NonGaming	Grand Total	Contribution to ME
HOLLYWOOD	\$50,515,382	N/A	\$50,515,382	\$4,243,292	\$54,758,674	\$23,777,593
MA	\$555,669	N/A	\$555,669	\$46,676	\$602,345	\$261,554
RI	\$0	N/A	\$0	\$0	\$0	\$0
CT	\$0	N/A	\$0	\$0	\$0	\$0
NH	\$555,669	N/A	\$555,669	\$46,676	\$602,345	\$261,554
ME	\$48,242,190	N/A	\$48,242,190	\$4,052,344	\$52,294,534	\$22,707,601
VT	\$202,062	N/A	\$202,062	\$16,973	\$219,035	\$95,110
NY	\$151,546	N/A	\$151,546	\$12,730	\$164,276	\$71,333
OTHER	\$808,246	N/A	\$808,246	\$67,893	\$876,139	\$380,441
NEW ENGLAND						
TOTAL	\$2,104,430,206	\$683,237,222	\$2,787,667,428	\$741,364,921	\$3,529,032,349	\$709,309,027
MA	\$564,904,559	\$160,779,066	\$725,683,625	\$194,807,364	\$920,490,990	\$210,797,818
RI	\$390,474,729	\$56,010,498	\$446,485,226	\$90,649,413	\$537,134,639	\$191,990,038
CT	\$751,123,835	\$320,773,398	\$1,071,897,233	\$306,286,818	\$1,378,184,051	\$191,831,622
NH	\$39,070,259	\$14,881,231	\$53,951,490	\$17,167,866	\$71,119,356	\$11,333,872
ME	\$60,524,694	\$4,943,161	\$65,467,855	\$9,749,941	\$75,217,796	\$26,069,931
VT	\$5,346,183	\$2,049,712	\$7,395,895	\$2,127,593	\$9,523,488	\$1,526,993
NY	\$217,105,417	\$92,847,489	\$309,952,906	\$89,602,164	\$399,555,070	\$55,301,068
OTHER	\$35,031,440	\$13,245,504	\$48,276,943	\$14,069,742	\$62,346,685	\$10,245,412

APPENDIX B				
PER CAPITA TOTAL SPENDING BY STATE: FOXWOODS RESORT & MOHEGAN SUN				
	Foxwoods	Mohegan	Total	Age 21 + (2007) Per Capita
MA	\$461,304,185	\$247,735,224	\$709,039,409	4,686,689 \$ 151
RI	\$192,696,685	\$58,202,854	\$250,899,539	769,997 \$ 326
CT	\$519,697,119	\$846,179,950	\$1,365,877,069	2,516,293 \$ 543
NH	\$46,714,348	\$19,400,951	\$66,115,299	949,934 \$ 70
ME	\$16,058,057	\$5,969,523	\$22,027,580	972,937 \$ 23
VT	\$4,379,470	\$4,477,143	\$8,856,613	456,753 \$ 19

Sources: Center for Policy Analysis & 2007 American Community Survey (US Census).

APPENDIX C						PER
CAPITA TOTAL SPENDING BY STATE: ALL NEW ENGLAND CASINOS & RACINOS						
	Foxwoods & Mohegan	Twin River & Newport Grand	Hollywood Slots	Grand Total	Age 21 +	Per Capita
MA	\$709,039,409	\$210,849,236	\$602,345	\$920,490,990	4,686,689	\$ 196
RI	\$250,899,539	\$286,235,101	\$0	\$537,134,640	769,997	\$ 698
CT	\$1,365,877,069	\$12,306,981	\$0	\$1,378,184,050	2,516,293	\$ 548
NH	\$66,115,299	\$4,401,711	\$602,345	\$71,119,355	949,934	\$ 75
ME	\$22,027,580	\$895,682	\$52,294,534	\$75,217,796	972,937	\$ 77
VT	\$8,856,613	\$447,841	\$219,035	\$9,523,489	456,753	\$ 21

Sources: Center for Policy Analysis & 2006 American Community Survey (U.S. Census).

APPENDIX D DAILY WIN PER SLOT/VLT, CY 2000 TO CY 2008					
Year	Foxwoods	Mohegan	Twin River	Newport	Hollywood
2000	366	509	287	168	-
2001	356	418	323	188	-
2002	338	331	378	227	-
2003	336	364	335	212	-
2004	326	378	336	212	-
2005	312	392	309	204	143
2006	326	416	252	198	216
2007	304	418	245	186	249
2008	261	366	235	155	188

