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R.I. gambling revenue down 3.8 percent after opening of Mass. casino

Plainridge is the first of four Mass. gambling halls that will compete with Twin River Casino and Newport Grand

CRANSTON, R.I. — The debut this summer of casino-style gambling in Massachusetts appears to be crimping revenue a bit at Twin River Casino and Newport Grand as Rhode Island's two gambling halls reported combined July revenues of \$49.6 million, down \$1.9 million, or 3.8 percent, from the \$51.5 million produced during July 2014.

The first-month results appeared better for the Rhode Island gambling halls — and for state coffers — than originally projected. Gambling revenue from Twin River and Newport Grand, lottery and Keno sales is the third-largest revenue source for Rhode Island.

The Bay State's first gambling hall opened its doors to the public in June. Plainridge Park Casino generated \$18.1 million in gross gaming revenue in its first full month of operation, according to the Massachusetts Gaming Commission.

Plainridge has 1,250 slot machines and electronic table games — the latter mimicking table games such as blackjack. The \$250-million venue located just off Route 495 operates with a Massachusetts tax rate of 49 percent on gambling revenue. The venue's July revenues generated about \$8.9 million in aid to Bay State communities and a horse racing development fund.

Results from the first month put Plainridge slightly ahead of the estimated first-year revenues of \$200 million expected by Massachusetts authorities.

Plainridge is the first of four gambling halls that will compete with Twin River Casino and Newport Grand, and Connecticut's Foxwoods Resort Casino and Mohegan Sun, for the money wagered by people in Southeastern New England. It will be the smallest of the four Massachusetts venues. MGM is building an \$800-million resort casino in Springfield, while Wynn Resorts is building a \$1.7-billion

venue in Everett, just north of Boston. A fourth casino is planned for Southeastern Massachusetts, possibly in Brockton.

John Taylor, chairman of Twin River, estimated the slots parlor in Plainville will shave 10 percent off the Lincoln site's revenue. A Twin River consultant's report estimated that once the slot parlor and the three casinos are operating, they would cut Twin River's revenue by 30 to 35 percent, Taylor said.

The financial hit to Rhode Island could be \$150 million, according to a 2012 report produced by Christiansen Capital Advisors LLC for then-Governor Chafee.

Rhode Island keeps 60 percent of the VLT revenue from Twin River and 61.5 percent from the revenue at Newport Grand, according to the Rhode Island Lottery.

At Rhode Island's latest revenue estimate conference in May, experts predicted that Twin River would pull in \$466.6 million in revenue from the video lottery terminals in fiscal 2015, which ended June 30. It actually produced \$470.7 million for the fiscal year. Newport Grand produced \$45.5 million.

In fiscal 2016, that video lottery revenue is expected to drop to \$399.6 million.

Twin River had net table game revenue — that is, earnings from blackjack, roulette and craps, for example — of \$88.5 million, with approximately \$12.7 million of that being transferred to the state's general fund.

While Plainridge did just fine in July, its success is not directly attributable to Rhode Island's lower gambling results that same month.

It's worth noting that Twin River reduced the number of VLTs — which years ago replaced those iconic one-handled slot machines — it had in operation by 202 machines between June and July to make room for more table games and a poker room.

Twin River actually saw its table-game revenue go up 12.8 percent in July 2015, when compared with July 2014, rising from \$7 million in that period to \$7.9 million this July.

Twin River also produced net terminal income of \$37.9 million in July, while Newport Grand produced \$3.8 million.

Combined net gambling receipts at Twin River and Newport Grand in July were still \$1.9 million behind July 2014.

While Plainridge will take its bite most directly from Twin River, a resort casino in Southeastern Massachusetts will hurt Newport Grand, which saw its annual net terminal income peak in 2005 at \$79.4 million.

Twin River moved to solidify its market position in March, announcing the acquisition of Newport Grand. It completed the purchase in June and proposed moving the Newport slots parlor to Tiverton, where Twin River executives suggest it will be in better position to fend off competition from Massachusetts.

The Tiverton proposal may have played a factor in the recent decision by investors to give up their effort to build a casino in New Bedford. The proposed Tiverton location — 45 acres off of Route 81 — is just 400 feet from the Massachusetts state line.

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