Weighing the odds

Massachusetts finished the 2004 budget season without approving stand-alone casinos or slot machines, despite intense pressure for new revenues. But with a possible $2 billion deficit looming, according to the Massachusetts Taxpayers Foundation, some Beacon Hill observers wonder how long lawmakers can ignore that lucrative revenue stream. The heated debate over casinos and slot machines goes beyond morality and addictions to their effect on local economies. The Rev. Richard McGowan, a professor and gambling-industry expert at Boston College, believes the temptation of gambling revenue may prove too strong for state leaders. McGowan, who served on former acting Gov. Jane Swift’s commission on casino gambling, recently spoke with Boston Business Journal reporter Edward Mason about gambling’s future in the Bay State.

Q What are the odds we’ll see casinos in Massachusetts? A I’d say 4-to-1 we’ll have casinos in the next two years.

Q Does gambling have a negative effect on local businesses? A That depends on whether it’s a destination or a convenience casino. If convenience, there will be some money sucked out from the restaurants and the movies. If it’s a destination casino, it can help hotels around that area.

Q One argument against casinos is they don’t create quality jobs. True? A It’s not that straightforward. The median salary of a casino worker is slightly higher than jobs in those areas (that want casinos) in general. They offer benefits much better than in normal employment, in that they offer full health and significant pension plans to all employees.

Q Crime and addiction associated with gambling is said to put a strain on government spending. What about that cost? A It’s also a mixed bag. The real cost is to local government. States, I find, make out quite well, but local government doesn’t. They ended up paying more for police, fire and ancillary services.

Q Is there enough revenue being lost that it could make a dent in the state deficit? A The Journal of Gaming Studies says New England is a $4 billion market. Clearly, there’s more to be made. One problem Massachusetts is facing is you already have two casinos in Connecticut, New York is opening a series of (casinos), Rhode Island is considering (them), Maine and New Hampshire, too. They are all competing for this money.

Q How will Massachusetts compete? A Legislators hope people want to stay at home. Clearly, they need to build a casino of the scale of Foxwoods or Mohegan Sun to attract people going there right now, a destination casino rather than a convenience casino. It’s going to take a considerable investment by a company — $750 million to $1.2 billion to build. In Massachusetts, it becomes complex because racetracks are another player. Do you want them to go out of business or give them slot machines? Once you do, then you need to negotiate with the (American Indian) tribes. They could probably put a couple of tracks with slot machines, “racinos” they’re called, or a casino in New Bedford or Fall River, Holyoke and Springfield also want casinos.

Q Are slot machines the proverbial nose under the tent? Once the state approves slots, are casinos next? A Every time you allow one form of gambling, the next step is easier. It’s a slippery slope. ... It’s easy money. All hell’s going to break loose in September, when the Legislature returns, if the deficit is as bad as (Gov. Mitt) Romney says. I don’t know how (legislative leadership) will hold them off.

BULLET POINTS on McGowan
- Served on former acting Gov. Jane Swift’s gambling study commission, which looked at whether the state should allow casino gambling, what form it would take and where casinos would be allowed.
- Believes the state’s revenue crunch will make legalized slot machines or casinos difficult to resist.
- On the difficulty of forgoing gambling revenue: “All hell’s going to break loose in September, when the Legislature returns, if the deficit is as bad as (Gov. Mitt) Romney says.”