

MGC Research Snapshot

Encore Boston Harbor, First Three and a Half Years of Operation: Economic Impacts Report

November 2023

What you need to know

In 2022, the \$1.1 billion dollars spent in and around EBH by casino patrons supported an average of 3,282 positions at the casino, paid \$206 million in compensation, and created demand for \$85.4 million of intermediate goods and services EBH purchased from vendors. EBH paid \$197.4 million to government entities, comprised mostly of tax revenue on gross gaming revenues. Net consumer impacts for state business were negative, as on net, consumers shifted \$167.6 million in spending away from other goods and services and towards the casino. However, new spending and shifts in spending led to a net total of 9,917 jobs supported by the casino, with the majority of jobs located in the Metro Boston region. EBH also supported \$1.1 billion in new personal income and \$1.7 billion in new output within the Massachusetts economy, of which \$1.3 billion was value added.

What is this research about?

Through the establishment of the casino industry in Massachusetts, lawmakers provided avenues for the creation of new jobs, revenue, and economic growth in the state. The Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study, of which the Economic and Public Policy Research unit at the University of Massachusetts Donahue Institute (UMDI) is a part, strives to understand the impact of the casinos on the people and economy of the Commonwealth.

The purpose of this Operating Report is to use casino data to estimate the economic impact of the Encore Boston Harbor casino (EBH) on the Massachusetts economy during its first three and a half years of operation (June 2019-December 2022).

What did the researchers do?

To estimate the economic impacts, UMDI considers two key sources of economic impact: casino operations (spending on vendors, employees and government entities) and patron spending (within the casino, as well as in Everett and the surrounding region).

To conduct the analysis, UMDI obtained operator data collected by the Massachusetts Gaming Commission. These include employment, payroll, and purchasing data obtained directly from the casino. UMDI also obtained revenue data from the Massachusetts Gaming Commission and data on patron spending from a survey of casino patrons conducted by the SEIGMA team.

From there, UMDI used the PI+ model from Amherst, MA-based Regional Economic Models Inc. (REMI) to measure direct and additional effects in the Massachusetts economy. This model generates realistic year-by-year estimates of the total regional effects of EBH's operations, can calculate the total economic impacts for the state, and show how activity in one region impacts other regions.

Although EBH has been open since the summer of 2019, 2022 was its first full year of operation without shutdowns or restrictions related to the COVID-19 pandemic. The report focuses on 2022 at times for this reason.

What did the researchers find?

Findings include insights about employment, spending by EBH and patrons, and revenues.

Employment: An analysis of payroll data found EBH employed an average of 4,118 workers in 2019. That number fell as the casino's operations were disrupted by the COVID-19 pandemic but recovered over late 2021 and 2022. Despite facing a shutdown followed by operating restrictions for over a year, Encore Boston Harbor was able to retain many of its workers over the course of the pandemic.

Spending: Over the course of the study period, Encore Boston Harbor paid \$290 million to outside firms, the majority (52.7%) of which were Massachusetts-based. After falling from 2019 to 2020, vendor spending has increased in each subsequent year.



Government revenues:

- State and local government entities collected \$538.6 million in tax revenue from the casino's operations over the course of the study period.
- State and local tax revenues from the casino were heavily affected by the COVID-19 pandemic but reached a new high in 2022 at \$197.4 million. As with other casinos, these funds continue to be distributed to various state funds, including local aid, via a formula set by the Commonwealth.

Patrons:

- UMDI estimates that over the study period, casino patrons spent almost \$3.8 billion at the casino and off site. This includes spending on gambling and non-gambling activities at the casino, as well as non-gaming expenditures made during their casino visit.
- Of those funds, UMDI estimates 77% to have originated from patrons that would not have spent their money in-state without the casino.
- Casino patrons spent an estimated \$330.1 million at businesses outside of Encore Boston Harbor in the course of their trip, but also reallocated \$818.9 million in funds away from other expenditures in Massachusetts and towards the casino.

Total Combined Impacts

- In 2022, the \$1.1 billion dollars spent in and around EBH by casino patrons supported an average of 3,282 positions at the casino, paying \$206 million in compensation, and created demand for \$85.4 million of intermediate goods and services EBH purchased from vendors.
- EBH paid \$197.4 million to state and local government entities. This number includes the tax payments on gross gaming revenue that were made to the state.
- Net consumer impacts for state business were negative. On net, consumers shifted \$167.6 million in spending away from other goods and services and towards the casino.
- In addition to the 3,249 jobs directly supported by the casino, new spending from vendors, government entities, and new employees, along with shifts in spending from casino patrons led to an additional 6,635 jobs on net, for a total of 9,917 jobs supported by the casino. The majority of those jobs are located in the Metro Boston region.
- Encore Boston Harbor also supported \$1.1 billion in new personal income and \$1.7 billion in new output (sales) within the Massachusetts economy, of which \$1.3 billion was value added (i.e., net new economic activity or gross state product).

About the researchers

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Conclusion and Recommendations

This report allowed the SEIGMA team to gain valuable insight into the ways that EBH interacted with Massachusetts' economy as it resumed normal operations after the COVID-19 pandemic. With only nine months of operation prior to its closure due to pandemic restrictions, it is uncertain how the pandemic changed EBH's long-term growth trajectory or how closely current operations resemble a long-term normal state for the casino's operations.

The research team notes that they are currently exploring alternative methods for assessing patron behavior that may allow the team to generate estimates of the casinos' economic impacts on a more frequent and less costly basis. They also noted a possible area of future study as an examination of how Massachusetts' other casinos, which were open for a longer period of time prior to the shutdown, operated and recovered during the same window of time.

Citation

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<https://massgaming.com/about/research-agenda-search/?cat=economic-impact>

Key Words

Economic Impact; Everett

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About this Snapshot

MGC Snapshots are intended to translate lengthy and sometimes technical reports into an easily understandable overview of the research. The findings and recommendations in the Snapshot are those of the researchers and do not necessarily reflect the position of the MGC.

