STATEWIDE ECONOMIC CONTRIBUTION OF A
PROPOSED RESORT CASINO IN OXFORD, MAINE

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Executive Summary:
The purpose of this study is to estimate the statewide economic contribution of a proposed resort casino in Oxford, Maine. Economic contribution is defined as the sales revenue, employment and income that are associated with the spending of casino visitors. Study estimates indicate that the proposed resort casino would generate $126.7 million in gaming revenue, including slot machines and table games, and that casino visitors would spend an additional $51.3 million annually in area restaurants and lodging facilities. The total annual statewide economic contribution of this spending, including multiplier effects, is $282.6 million in sales revenue, 2,784 full- and part-time jobs, and $80.7 million in wages, salaries and benefits. Although not the primary focus of this study, our analysis also suggests that the state would receive at least $60.9 million in tax and other governmental revenue from the economic activity associated with the proposed facility. Our results on the economic contribution of the proposed Oxford resort casino do not imply –one way or another –whether this can be considered "new" economic activity to the state or region. The results suggest, however, that the estimated spending by casino visitors would represent a large impact on the Oxford area, compared to 2009 hospitality sales of $18.4 million in the Paris Economic Summary Area (which includes Oxford). Our estimates of the gaming activity at the proposed resort casino combined with actual 2009 figures from Hollywood Slots of Bangor sum to $185.9 million in statewide gaming revenue, which would place Maine below –even on a per capita basis – most other U.S. states with casinos. This study does not take a position on whether gaming is positive or negative for the state of Maine.

ECONOMIC CONTRIBUTION OF PROPOSED OXFORD RESORT CASINO

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1.   INTRODUCTION

On November 2, 2010, Maine voters will decide on a Citizen Initiative (i.e., Question 1) that asks, "Do you want to allow a casino with table games and slot machines at a single site in Oxford County, subject to local approval, with part of the profits going to specific state, local and tribal programs?" The project would involve a large "resort-style" hotel with several dining options, conference facilities, and a spa and fitness center. The gaming facilities would include 1,500 slot machines and 50 table games, including poker.

If Question 1 is approved, the proposed Oxford resort casino would be the first facility in Maine to offer slot machines and table games. Hollywood Slots of Bangor, which originally opened a temporary gaming facility in November of 2005, has been operating a hotel/conference center with 1,000 slot machines since 2008. Hollywood Slots generated $59.2 million in net slot machine revenue in 2009; it is not authorized to offer table games.[1]

The purpose of this study is to estimate the statewide economic contribution of the proposed Oxford resort casino. Economic contribution is defined as the sales revenue, employment and income that are associated with the spending of casino visitors. This includes estimates of the money spent on slot machines and table games, as well as spending that might take place at local restaurants and lodging facilities.[2] As discussed later in the report, our estimates of gaming revenues at the proposed Oxford resort casino are based on actual 2009 slot machine figures for Hollywood Slots and information on the relative market potential for gaming at the two sites.

The study also involves estimating the spending of casino visitors at restaurants and lodging facilities located in the Oxford region. For this analysis, we also use actual data from Hollywood Slots –in this case, monthly gaming revenues from November of 2005 to May of 2010 –along with Bangor area restaurant and lodging taxable sales data from Maine Revenue Services. With this information, we examine the statistical relationship between gaming revenues at Hollywood Slots and hospitality-related (i.e., restaurant and lodging) sales in and around Bangor. These results are used, along with information on the potential for gaming at the proposed Oxford resort casino, to estimate the spending of casino visitors on restaurant meals and lodging.

The final part of the study will use information on the spending of Oxford casino visitors on gaming, restaurants and lodging to estimate the proposed facility's statewide economic contribution. An economic impact model (e.g., IMPLAN) for the state of Maine will be used to estimate multiplier effects, which are the additional economic

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[1]   Gaming revenue figures for Hollywood Slots are from the Maine Gambling Control Board.
[2]   The study does not account for visitor spending that might take place at gas stations, gift shops and other retailers.

activity supported by the spending of Maine businesses (e.g., suppliers) and workers (e.g., casino, restaurant and hotel employees) that are associated with the proposed Oxford resort casino.

The following issues should be kept in mind when interpreting the study findings. First, the report does not take a position on whether gaming is positive or negative for the state of Maine. It simply estimates the proposed facility's market potential (i.e., amount of gaming revenue) and the amount that casino visitors might spend on restaurant meals and lodging. We then use this information as the foundation of an economic impact analysis. There are other economic and non-economic issues that should be considered to determine whether the benefits of gaming outweigh the costs.

Second, the analysis does not show –one way or another –whether the revenue generated by the proposed facility is "new money" to the state and region, or whether it is money that would have been spent elsewhere on other goods and services. With that in mind, it should be noted that the proposed facility's market potential is determined by the presence of residents and tourists in Maine and surrounding states within a prescribed distance from Oxford.[3] This allows the proposed Oxford resort casino's market potential to capture the spending of tourists visiting places such as nearby Sebago Lake, Bethel, and Newry, as well as tourists in parts of southern Maine.[4]

Third, our analysis does not show the amount of restaurant and lodging spending that will occur within the proposed resort facility compared to the amount spent outside the Oxford casino. The hospitality sales data used in the analysis is measured at the Economic Summary Area (ESA) level. ESAs are a collection of nearby Maine cities and towns, as defined by Maine Revenue Services. This information is not available for individual businesses, which would be required to measure the effect of casino visitor spending on the resort itself as compared to other surrounding businesses.

Fourth, as mentioned previously, our projections of the potential gaming revenues at the proposed Oxford resort casino are based on actual 2009 figures from Hollywood Slots. An advantage of this approach is that we have very good information –down to the exact penny –on the amount of slot machine revenue received by Hollywood Slots. In addition, although they are located in different parts of the state, the customer bases surrounding the proposed Oxford resort casino and Hollywood Slots are both made up of Maine

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[3]   The presence of residents and tourists is represented in the study by the amount of restaurant and lodging sales that occurs within a region. This is based on the logic that local residents spend money at restaurants, while tourists in a region purchase meals and lodging.

[4]   Put another way, despite the fact that the proposed Oxford resort casino is likely to have a market area that extends a reasonably small distance from the facility, this does not necessarily mean that all of the potential visitors permanently reside in these places. A simple example should illustrate this point. If the proposed Oxford casino is built, a car with a New York license plate in the parking lot would not imply that the facility attracted visitors from New York. It is unlikely that people would travel from New York and drive past casinos in other places exclusively to visit the proposed Oxford casino. However, our approach does allow for tourists from outside the region – already visiting places within the proposed resort casino's market area –to contribute to the facility's estimated market potential.

residents and visitors to the state. Thus, financial information from Hollywood Slots – adjusted to account for differences in market potential –should provide a reasonably accurate picture of the spending likely to occur at the proposed Oxford resort casino.

There are also some limitations in using 2009 gaming revenue figures from Hollywood Slots to make projections about the proposed Oxford resort casino. The state and overall U.S. economies were in the midst of a recession in 2009, which may have lowered gaming revenues at Hollywood Slots. If 2009 had been a "boom" period with higher amounts of slot machine spending at Hollywood Slots, our projections of gaming activities at the proposed Oxford resort casino would be higher. Another limitation of using the experience at Hollywood Slots to say something about the proposed Oxford resort casino is that the surrounding communities are quite different. Bangor is a small-sized metropolitan area, by U.S. standards, and it has numerous restaurants and lodging establishments. On the other hand, Oxford is located in a non-metropolitan area of Maine.

The approach used in the study, however, does account for differences in the communities surrounding Hollywood Slots and the proposed Oxford resort casino. Since our method for estimating gaming market potential is based on the two sites' relative distances to existing hospitality sales, Hollywood Slots receives a substantially higher boost to its market potential from the Bangor region than the proposed Oxford resort casino receives from its immediately surrounding region. Once you slightly extend the market area, however, the gaming potential generated by places around the proposed Oxford resort casino grows significantly. Much of southern and central Maine (e.g., Portland, Lewiston, Biddeford, Brunswick and Augusta), which has considerably higher hospitality sales than northern parts of the state, is located within one and one-half hours of Oxford. In addition, Oxford is located within two and one-half hours of places in New Hampshire, Vermont and Massachusetts.

Finally, the analysis presented in this report is based on the assumption that aside from the casinos and other gaming places that were in operation in 2009, the most recent year for which information is available, there are no other significant gaming facilities located within the market served by the proposed Oxford resort casino. If another casino begins operations in southern Maine or surrounding states subsequent to the opening of the proposed resort casino in Oxford, it would likely capture some portion of the money that we estimate would be spent at the Oxford facility.

2.   MARKET POTENTIAL FOR GAMING IN OXFORD, MAINE

The first part of the empirical analysis seeks to estimate the amount of gaming revenue that might be generated by the proposed Oxford resort casino. For this task, we use information on the slot machine revenue received by Hollywood Slots in 2009, along with data on the relative amounts of hospitality (i.e., restaurant and lodging) sales in the areas surrounding Oxford and Bangor. As noted in the introduction, hospitality sales are a good indicator of the presence of local residents who purchase restaurant meals and tourists who spend money in restaurants and lodging establishments.

Table 1 shows information on 2009 restaurant and lodging sales occurring in U.S. areas located within three hours of either Bangor, the home of Hollywood Slots, or Oxford, which is the site of the proposed resort casino. Driving times between a location and either Oxford or Bangor are from www.mapquest.com. For the Maine ESAs, we measured driving times from the region's primary city or town (e.g., we measured the distance from Portland in the "Portland ESA").[5] For the out-of-state counties, driving times are based on the location of the county seat.[6]

The taxable retail sales figures for Maine Economic Summary Areas are from Maine Revenue Services.[7] Figures for places located outside of Maine are estimated based on 2008 county-level hospitality employment. These estimates are from an OLS regression of county-level 2009 restaurant and lodging sales on 2008 county-level hospitality employment data for Maine.[8] As might be expected, a very high correlation (r=0.964) exists between county-level hospitality sales and employment in Maine, which provides a high goodness-of-fit (r-squared=0.930) in the regression analysis. The estimated coefficient from the regression model suggests that each hospitality worker is associated with $50,931 in 2009 sales (t-stat=13.60; p-value=0.000). This estimate is applied to county-level employment figures in the other states to estimate 2009 hospitality sales.

Figures shown in Table 1 suggest that the "raw" market potential for gaming, based on the presence of hospitality sales, is considerably greater in Oxford than it is around Hollywood Slots. For example, total hospitality sales occurring within two and one-half hours of the respective locations are 2.59 times larger in Oxford than in Bangor. Although this information is presented merely to demonstrate differences in actual hospitality sales, it should be noted that some places are located within two and one-half hours of both locations; thus, they contribute equally to the "raw" market potential of both casinos. In the analysis that follows, a location's contribution to potential gaming revenue is determined by the amount of hospitality sales originating from a place as well as its distance to either Oxford or Bangor.

This general approach is often referred to as a "gravity-based" model of retail sales. As applied to this study, an inverse distance equation is used to estimate the extent to which hospitality sales (i.e., representing the presence of residents and visitors) occurring at a

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[5]   We assumed a 10-minute driving time between Hollywood Slots and places located in the Bangor ESA (e.g., Bangor, Brewer, Old Town and Orono). A 15-minute driving time is used to represent the distance between Hollywood Slots and places located in the Bangor Suburban ESA (e.g., Bradley, Glenburn, Hampden, Newburgh and Stetson).

[6]   For some areas in Vermont, we calculated distances relative to a county's "shire town." For areas that have two county seats, the driving times shown in Table 1 are based on average distances calculated for both places.

[7]   The annual values for Maine ESAs shown in Table 1 are based on monthly sales figures. This information was unavailable for less than five percent of the monthly observations in the selected ESAs. In these cases, monthly sales figures were estimated using state-level data.

[8]   2009 county-level hospitality sales figures are from Maine Revenue Services. Information on 2008 county-level employment is from County Business Patterns of the U.S. Census Bureau.

given location contribute to potential gaming revenue in Oxford or Bangor. The specific equation is:

$$Calculated\ Market\ Potential_j = \sum_{i=1}^{n} Hospitality\ Sales_i / (d_{i,j})^{1/2}$$

where, "j" is a subscript that represents the location of either Oxford (i.e., the proposed casino) or Bangor (i.e., Hollywood Slots), "i" is a subscript that represents a place included in a casino's market area, "n" represents the number of Maine ESAs and out-of-state counties located within a specified distance from Oxford or Bangor, and "d" is the distance between locations "j" and "i".

To come up with actual numbers, we had to define the size of a casino's market area. This area (i.e., a specified radius around Oxford and Bangor) determines the places to include in the calculations of a casino's market potential. For now, we will assume a market area of two and one-half hours. Under this assumption, our estimate of gaming revenue at the proposed casino is found by calculating [$Hospitality\ Sales_i / (d_{i,j})^{1/2}$] for all of the places located within a driving distance that is less than two and one-half hours from Oxford. Then, we calculate the summation of these values (i.e., from all of the places within two and one-half hours) to determine the *Calculated Market Potential* for the Oxford area. Next, we perform similar calculations for Hollywood Slots, except that we use distances relative to Bangor. The ratio of these measures can be thought of as the market potential of the proposed Oxford resort casino relative to Hollywood Slots.

Assuming a market area of two and one-half hours, we found that the potential for gaming at the proposed Oxford casino would be 2.03 times larger than the gaming revenue generated by Hollywood Slots. It should be noted that this estimate of 2.03 is less than the previously mentioned ratio of 2.59, which represents the relative amounts of actual hospitality sales occurring within two and one-half hours of Oxford and Bangor. The reason for this difference is that the measure of *Calculated Market Potential* takes into account the distances among places, and assigns less weight on hospitality sales originating further away from either Oxford or Bangor. On the other hand, the measure of "raw" market potential counts hospitality sales equally irrespective of where they occur within a specified market area.

To avoid making an assumption about the exact size of the market area for casinos in Maine, we estimated ratios of *Calculated Market Potential* for Oxford relative to Bangor for market areas that range from one to three hours of driving time. For each of the iterations, we changed the size of the market area by one minute; thus, we calculated 121 market potential ratios. The average value for these 121 versions of the model is a ratio of 1.88. This means that, based on a market area of between one and three hours, a casino located in Oxford, Maine, would likely generate slot machine revenues that are 1.88-times larger than the amount earned at Hollywood Slots. Based on actual 2009 gaming revenues of $59.2 million at Hollywood Slots, we estimate that the proposed Oxford resort casino could annually generate (in 2009 dollars) $111.2 million in slot machine revenue.

Since the gaming revenue figures for Hollywood Slots are limited to slot machines, the estimate of $111.2 million reported above likely understates the total gaming potential of the proposed Oxford resort casino, which is seeking approval to offer slot machines and table games. Table 2 shows slot machine revenues as a share of total gaming revenues for a selection of U.S. states. These figures show that, with the notable exceptions of Nevada and New Jersey, slot machines generally account for between 80 and 90 percent of statewide gaming revenues. Excluding Nevada and New Jersey, we calculated a simple average of 87.7 percent. Applying this figure to the slot machine potential of $111.2 million, we estimate total gaming revenues –from all sources (e.g., slot machines and table games) –of $126.7 million at the proposed Oxford resort casino.

3.   CASINO VISITOR SPENDING ON MEALS AND LODGING

Along with casino visitor spending on gaming activities, the presence of additional people in and around the proposed Oxford resort casino might have an impact on local restaurant and lodging sales. Estimating these impacts on hospitality spending would require detailed information on how much the typical casino visitor spends on food and lodging. This information is not currently available for the Oxford area (in part, because no casinos are in operation). Information from Hollywood Slots and its surrounding Bangor region can be used to estimate casino visitor spending at Oxford area restaurants and lodging facilities.

The second part of the empirical analysis investigates the relationship between Hollywood Slots' net gaming revenues and Bangor-area restaurant and lodging sales. This analysis uses standard statistical methods (i.e., OLS regression analysis), publicly-available financial information for Hollywood Slots from the Maine Gambling Control Board, and taxable retail sales figures from Maine Revenue Services.

Table 3 presents regression results on the relationship between Bangor-area hospitality sales (i.e., restaurants and lodging) and net gaming revenues at Hollywood Slots. The regression model focusing on restaurant sales in the Bangor ESA includes as explanatory variables net gaming revenues, restaurant sales in Maine but outside of the Bangor ESA, and Bangor-area general merchandise sales. Restaurant sales elsewhere in the state are included in the model to control for broader month-to-month variations in household dining habits, while general merchandise sales in the Bangor area are used to control for local trends in overall retail activity. We would expect both of these variables to have a positive effect on Bangor-area restaurant sales.

The regression model examining lodging sales in the Bangor ESA uses as explanatory variables net gaming revenues, lodging sales in Maine but outside of the Bangor ESA, and Bangor-area general merchandise sales. Lodging sales elsewhere in the state control for the strong seasonal trends that characterize Maine's hotel and motel industries. Although we expect a positive relationship between restaurant and general merchandise sales (i.e., locals and visitors like to eat when they shop), the connection between lodging and general merchandise sales is less certain. Some of the people shopping in general

merchandise stores (e.g., Target and Wal-Mart) stay in the Bangor area for an overnight visit, but most retail customers are from the region and do not require lodging accommodations.

Empirical results, based on 125 monthly observations between January 2000 and May 2010, reveal a positive and statistically significant relationship between Bangor-area restaurant sales and net gaming revenues. The estimated coefficient of 0.345 suggests that, other things being equal, a one-dollar increase in net gaming revenues is associated with $0.35 of additional spending in Bangor-area restaurants. The model results also confirm our expectations that restaurant sales elsewhere in the state, and general merchandise sales in the Bangor region, have a positive and statistically significant effect on local restaurant sales. The R-squared value of 0.760 indicates that the variables included in the model account for three-fourths of the month-to-month variation in Bangor-area restaurant sales.

Results also show a positive and statistically significant relationship between Bangor-area lodging sales and net gaming revenues at Hollywood Slots. Other things being equal, a one-dollar increase in net gaming revenues is associated with $0.12 of additional spending in Bangor-area hotels and motels. As expected, the results also reveal a positive and statistically significant relationship between Bangor-area lodging sales and lodging sales elsewhere in the state, while general merchandise sales do not have a statistically significant effect on local lodging sales. The R-squared value of 0.814 suggests that the variables included in the model explain over 80 percent of the monthly variation in Bangor-area lodging sales.

These regression results can be used along with the gaming market potential figures from earlier in the report to estimate the restaurant and lodging sales associated with visitors to the proposed Oxford resort casino. Applying the regression results to the $111.2 million in potential gaming revenue from slot machines, we estimate that visitors to the proposed Oxford resort casino might annually spend $38.4 million on restaurant meals and $12.9 million on lodging in the Paris ESA, which includes the town of Oxford.

4.   ECONOMIC IMPACT ANALYSIS

The final part of the project involves estimating the statewide economic contribution of the proposed Oxford resort casino. As noted in the introduction, economic contribution is defined as the sales revenue, employment and income that are associated with the spending of casino visitors on gaming activities, restaurant meals and lodging. Table 4 summarizes this information.

Panel *A* of the table focuses on gaming activities. The direct sales revenue figure of $126.7 million is the market potential for slot machines and table games at the proposed Oxford resort casino. The direct employment figure of 879 employees is the number of full- and part-time workers that we estimate will be involved in the gaming operations of the proposed Oxford facility. This employment figure is calculated using information on

the average amount of gaming revenue per worker in other U.S. states with commercial casinos, not including Nevada and New Jersey. Table 5 shows that the average casino worker in these states generated $144,197 in gaming revenue. This amount ranges from under $100,000 per worker in South Dakota, Colorado and Mississippi, to over $200,000 per worker in Pennsylvania and Illinois. The comparable figure for Hollywood Slots, which is not shown in Table 5 because it is a racetrack casino, is $195,380 of gaming revenue per employee.

The direct earnings figure of $30.3 million shown in panel *A* of Table 4 is interpreted as the estimated wages, salaries and benefits earned by workers involved in the gaming operations of the proposed Oxford resort casino. To arrive at this figure, we used information from Table 5 on the average earnings per casino worker in other states. The average earnings figure of $35,128 is adjusted to account for differences in wages between Maine and the ten states shown in Table 5. Based on 2009 data from the U.S. Bureau of Labor Statistics, we found that per capita wages in Maine –as well as wages in the broad occupational category of Personal Care and Service Occupations (NAICS 39-0000) –are 98.2 percent of the average calculated across the ten comparison states.[9] After downwardly adjusting the average figure of $35,128 to reflect the slightly lower wages earned in Maine and applying this adjusted wage figure to the estimated employment of 879 workers, we arrive at a direct income figure of $30.3 million.

Panel *B* of Table 4 shows the estimated statewide economic contribution of casino visitor spending on meals and lodging. The direct sales revenue of $51.3 million is our estimate, based on the relationship between gaming revenue at Hollywood Slots and Bangor area hospitality sales, of the amount of money that visitors to the proposed resort casino in Oxford might spend at local restaurants and lodging establishments. The direct employment and income figures are from the Maine IMPLAN model. It is an input-output model that traces the flows of expenditures and income through the economy with a complex system of accounts that are uniquely tailored to the area. Underlying these accounts is detailed information regarding transactions occurring among businesses located in the region, the purchasing patterns of local households, and transactions occurring between the state of Maine and the rest of the world. Some of the data sources used to develop the IMPLAN model include County Business Patterns from the U.S. Census Bureau, Regional Economic Information System (REIS) data and input-output accounts from the U.S. Bureau of Economic Analysis, and ES-202 statistics from the U.S. Bureau of Labor Statistics.

The multiplier effects, also estimated using the Maine IMPLAN model, represent the economic activity supported by the spending of businesses (e.g., suppliers) and workers (e.g., casino, restaurant and hotel employees) that are connected to the proposed Oxford resort casino. The total statewide economic contribution of the proposed casino's gaming operations is $200.1 million in sales revenue, 1,603 full- and part-time jobs, and $53.9 million in wages, salaries and benefits. The statewide economic contribution, including

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[9]   The broad occupational category of Personal Care and Service Occupations includes several gaming-related jobs, such as Gaming Supervisors (NAICS 39-1011), Slot Key Persons (NAICS 39-1012) and Gaming Dealers (39-3011).

multiplier effects, of casino visitor spending on meals and lodging is $82.5 million in sales revenue, 1,179 in full- and part-time jobs, and $26.8 million in wages, salaries and benefits. As shown in panel *C* of Table 4, the total statewide economic contribution of casino visitor spending on gaming, meals and lodging is $282.6 million in sales revenue, 2,784 full- and part-time jobs, and $80.7 million in wages, salaries and benefits.

Although not the primary focus of this study, we can use information presented in Table 4 and other results from the Maine IMPLAN model to estimate a partial amount of the revenue that the state might receive from the proposed Oxford resort casino and related taxes. The Citizen Initiative that seeks to authorize the proposed facility calls for the state of Maine to receive 46 percent of net slot machine revenue and 16 percent of the net revenue generated by table games. Using our estimates of the potential for gaming in Oxford, we calculate that the state will receive $53.6 million in revenue from the proposed casino. In addition, the estimated spending of casino visitors at restaurants and lodging facilities, based on the state's meals and lodging tax rate of seven percent, will generate $3.6 million in sales taxes. Additional state tax figures from the IMPLAN model, not including corporate income taxes or other amounts listed above, estimate that the spending of Oxford casino visitors will result in personal taxes of $3.7 million. This information, although incomplete, suggests that the state will receive at least $60.9 million in revenue associated with the spending of Oxford casino visitors on gaming and hospitality services.[10]

5. SUMMARY

The purpose of this study is to estimate the statewide economic contribution of a proposed resort casino in Oxford, Maine. Using information on the amount of slot machine revenue earned by Hollywood Slots in 2009 and a ratio of the gaming potential in Oxford relative to Bangor, we estimate that the proposed resort casino could generate $126.7 million in gaming revenue, which includes slot machines and table games. Our estimates also suggest that the proposed Oxford resort casino could employ 879 full- and part-time gaming workers that earn $30.3 million in wages, salaries and benefits.

Using regression results on the relationship between monthly slot machine revenues at Hollywood Slots and Bangor area hospitality sales, we estimate –based on slot machine potential of $111.2 million –that visitors to the proposed resort casino in Oxford could spend an additional $51.3 million on meals and lodging. Some of this spending, which would support an estimated 896 full- and part-time jobs and $17.3 million in income, would take place inside the casino resort facility and some of it would take place at other restaurants and lodging facilities in the area. Accounting for the potential spending of casino visitors on gaming, meals and lodging –and including multiplier effects –we estimate that the statewide economic contribution of the proposed Oxford resort casino is

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[10]   The analysis does not show –one way or another –whether this $60.9 million in projected revenue can be thought of as "new" tax revenue to the state. If the proposed Oxford resort casino attracts money that would not have otherwise been spent in Maine, then the spending of casino visitors would generate "new" governmental revenue.

$282.6 million in sales revenue, 2,784 full- and part-time jobs, and $80.7 million in wages, salaries and benefits.

The estimated spending of resort visitors on meals and lodging, not including gaming, represents a very large impact on the proposed casino's surrounding area. The Paris ESA, which includes the town of Oxford, had $18.4 million in total hospitality sales in 2009; thus current activity is equivalent to about 35 percent of the potential additional hospitality sales associated with the proposed resort casino. Although the proposed facility would seem large relative to the size of its surrounding area, the total gaming activity in Maine –including slot machine revenue at Hollywood Slots –would be modest compared to other states with casinos.

The gaming revenue of Hollywood Slots (actual figures) combined with the proposed Oxford resort casino (estimated figures) would total $185.8 million in statewide spending, which would place Maine well below 9 of the 10 states shown in Table 5. Relative to the population of adults in Maine, our estimate of $185.9 million in gaming revenue is equivalent to $178 per person.[11] This amount is considerably lower than the average of $336 in gaming revenue per adult calculated across the ten comparison states. The amount of gaming revenue estimated per adult resident in Maine is lower than similar figures for seven of the states shown in Table 5, and slightly above three of these states (Michigan - $176; South Dakota - $167; Illinois - $147). In addition, 12 states – four of which are included in Table 5 –offer racetrack casinos. The total gaming revenue generated by these facilities exceeds $200 million in 10 of the 12 states.

To conclude, the results from this study suggest that the proposed Oxford resort casino might generate $126.7 million in gaming revenues and that casino visitors might spend another $51.3 million in area restaurants and lodging facilities. The total statewide economic contribution of this spending, including multiplier effects, is $282.6 million in sales revenue, 2,784 full- and part-time jobs, and $80.7 million in wages, salaries and benefits. As discussed in the introduction, the analysis does not show –one way or another –whether this can be considered "new" economic activity to the state and region, or whether it is money that would have been spent elsewhere on other goods and services. The proposed facility's ability to attract tourists from outside the state would determine, in part, the amount of "new" money it could bring into the region. In addition, to the extent that the proposed facility can capture money that Maine residents would have otherwise spent at out-of-state casinos, it might be able to prevent a "leakage" of expenditures outside the region.

Finally, with its limited focus on the economic contribution of a proposed Oxford resort casino, the report does not take a position on whether gaming is positive or negative for the state of Maine. Other economic and non-economic issues need to be considered in order to determine whether an expansion of gaming is "good" or "bad."

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[11]   These figures are based on state population estimates from the U.S. Census Bureau. We used information on total population in 2009 and the percentage of residents under the age of 18 in 2008 to estimate the adult population of each state.

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Table 1. U.S. Areas Located within Three Hours of Oxford or Bangor, Maine

Place	State	2009 Hospitality Sales ($1,000s)	Driving Distance to Oxford (minutes)	Driving Distance to Bangor (minutes)
Augusta	ME	116,249	67	79
Bangor	ME	219,056	136	10
Bangor, suburban	ME	28,590	136	15
Bar Harbor	ME	123,199	205	75
Belfast	ME	25,906	124	61
Biddeford	ME	131,682	71	153
Blue Hill	ME	16,702	176	60
Brunswick	ME	102,269	67	109
Calais	ME	10,935	251	121
Camden	ME	50,484	125	88
Damariscotta	ME	68,694	101	127
Dover-Foxcroft	ME	15,951	148	56
Eastport	ME	5,496	285	155
Ellsworth	ME	49,940	169	39
Farmington	ME	20,038	83	99
Fryeburg	ME	11,467	62	194
Houlton	ME	12,741	248	119
Jackman	ME	8,553	195	154
Jonesport	ME	4,535	250	120
Kennebunk	ME	85,736	79	161
Kittery	ME	258,318	99	181
Lewiston-Auburn	ME	126,548	28	114
Lewiston-Auburn, suburban	ME	15,787	32	113

Table is continued on the following page.

Table 1. U.S. Areas Located within Three Hours of Oxford or Bangor, Maine, continued

Place	State	2009 Hospitality Sales ($1,000s)	Driving Distance to Oxford (minutes)	Driving Distance to Bangor (minutes)
Lincoln	ME	8,303	184	54
Livermore	ME	6,069	47	120
Machias	ME	10,412	247	117
Millinocket	ME	8,857	209	80
Paris	ME	18,389	23	150
Patten	ME	3,736	224	95
Pittsfield	ME	6,438	104	39
Portland	ME	421,635	60	129
Portland, suburban	ME	159,025	60	129
Presque Isle	ME	44,528	299	169
Rangeley	ME	25,426	125	155
Rockland	ME	41,849	129	107
Rumford	ME	35,367	62	140
Sanford	ME	45,459	91	173
Sebago Lake	ME	78,208	53	152
Skowhegan	ME	26,201	103	63
Waterville	ME	75,395	86	59
Winterport	ME	4,387	140	27
Essex	MA	1,317,312	148	229
Middlesex	MA	2,915,440	162	243
Suffolk	MA	2,662,413	166	247
Belknap	NH	145,022	153	258
Carroll	NH	218,872	107	217

Table is continued on the following page.

Table 1. U.S. Areas Located within Three Hours of Oxford or Bangor, Maine, continued

Place	State	2009 Hospitality Sales ($1,000s)	Driving Distance to Oxford (minutes)	Driving Distance to Bangor (minutes)
Coos	NH	105,754	114	239
Hillsborough	NH	803,108	158	239
Merrimack	NH	251,061	161	242
Rockingham	NH	688,461	127	209
Strafford	NH	196,463	109	190
Caledonia	VT	44,534	156	281
Essex	VT	10,359	124	250

Notes: Places in Maine are Economic Summary Areas (ESAs), as defined by Maine Revenue Services. Places outside of Maine are counties. Driving distances are from www.mapquest.com (data from August 5, 2010). Hospitality sales figures for Maine ESAs are from Maine Revenue Services. Hospitality sales figures for out-of-state counties are estimated based on Maine county-level sales and employment figures.

Table 2. Slot Machine Revenue as a Share of Total Gaming Revenue, 2009

State	% Gaming Revenue from Slots
Colorado	92.5%
Illinois	81.3%
Indiana	85.4%
Iowa	91.3%
Kansas	85.7%
Mississippi	84.7%
Missouri	88.3%
Nevada	65.7%
New Jersey	69.0%
South Dakota	90.5%
West Virginia	89.4%
Average (not including NV and NJ)	87.7%

Source: American Gaming Association (2010).

Table 3. Regression Results: Estimated Effects of Hollywood Slots Monthly Net Gaming Revenues on Bangor-Area Restaurant and Lodging Sales

| Variable | Bangor-Area Restaurant Sales | | Bangor-Area Lodging Sales | |
	Estimated Coefficient	t-statistic	Estimated Coefficient	t-statistic
Constant	8,418	25.31	1,372	13.16
Net Gaming Revenues	0.345*	8.340	0.116*	5.856
Restaurant Sales, Maine	0.023*	8.841	NA	NA
Lodging Sales, Maine	NA	NA	0.019*	20.22
General Merchandise Sales, Bangor-Area	0.055*	6.366	0.002	0.566
R-squared	0.760		0.814	

Notes: * indicates statistical significance at the one-percent level. All dollar values are reported in $1,000s.

ECONOMIC CONTRIBUTION OF PROPOSED OXFORD RESORT CASINO

Table 4. Annual Economic Contribution of the Proposed Oxford Resort Casino

Panel *A*: Potential Gaming Operations

	Direct Impacts	Multiplier Effects	Total Impacts
Sales Revenue	$126,747,520	$73,396,922	$200,144,442
Employment	879	726	1,605
Income	$30,323,113	$23,569,212	$53,892,325

Panel *B*: Potential Spending on Meals and Lodging

	Direct Impacts	Multiplier Effects	Total Impacts
Sales Revenue	$51,296,110	$31,179,567	$82,475,677
Employment	896	283	1,179
Income	$17,302,812	$9,467,316	$26,770,128

Panel *C*: Potential Spending on Gaming, Meals and Lodging

	Direct Impacts	Multiplier Effects	Total Impacts
Sales Revenue	$178,043,630	$104,576,489	$282,620,119
Employment	1,775	1,010	2,784
Income	$47,625,925	$33,036,528	$80,662,453

Notes: We used the Maine IMPLAN model to estimate multiplier effects, and the direct employment and income associated with casino visitor spending at restaurants and lodging establishments (panel b).

Table 5. Casino Revenue, Employment and Payroll Information for Selected U.S. States, 2009

State	Casino Employment	Gaming Revenue ($1,000,000s)	Revenue Per Worker	Payroll, Including Benefits ($1,000,000s)	Earnings Per Worker
Colorado	8,821	734.6	$83,277	244.1	$27,667
Illinois	7,083	1,429.0	$201,751	326.9	$46,156
Indiana	15,857	2,799.0	$176,515	560.2	$35,326
Iowa	9,241	1,381.0	$149,443	344.7	$37,301
Louisiana	17,610	2,456.0	$139,466	602.5	$34,214
Michigan	8,122	1,339.0	$164,861	452.8	$55,754
Mississippi	25,739	2,465.0	$95,769	855.3	$33,228
Missouri	10,961	1,730.0	$157,832	347.0	$31,658
Pennsylvania	9,126	1,965.0	$215,319	233.2	$25,557
South Dakota	1,765	101.9	$57,734	43.1	$24,419
		Average:	$144,197	Average	$35,128

Notes: All figures are from the American Gaming Association (2010). The information is based on "commercial" casinos located in these states and does not include activity at Native American or "racetrack" casinos.