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Executive Summary

Penn National Gaming Inc. assumed ownership of Rosecroft Raceway in early 2011, with the expectation of bringing live harness racing back to the Fort Washington, Maryland area. In order to ensure the long term viability of racing at Rosecroft, Penn National is also interested in providing slot machines and table games at the facility, pending Maryland legislative, and ultimately statewide voter approval. At the request of Penn National, the author has examined the potential economic and fiscal impact of constructing an integrated racing and gaming facility, commonly referred to as a "racino", at Rosecroft Raceway. The assessment considered three possible scenarios identified in the Innovation Group's revenue forecasting study (2009):

- Scenario 1 — Class III slot machines at Rosecroft Raceway and all other approved casino sites in Maryland.
- Scenario 2 — Class III slot machines and table games at Rosecroft Raceway and all other approved casino sites in Maryland.
- Scenario 3 — Class III table games (i.e. Black Jack, Baccarat, Roulette and Craps) only at Rosecroft Raceway and Class III slots at all other approved casino sites in Maryland.

Under Scenario 2, the Rosecroft Raceway racino will generate a total economic impact of \$2.5 billion to the State of Maryland during construction and the first five years of operation. Total employment to the state will increase by 7,636 new jobs during the construction and operation phase of the project. In addition, the new racino will generate more than \$415 million in total tax revenue: \$376.4 million in additional tax revenue to the State, and \$39.6 million in new annual tax revenues to Prince George's County.

Scenario 1 is projected to generate \$2.3 billion to the state for the duration of the first five years of operation and initial construction. Employment is also expected to grow under Scenario 1 with the addition of 6,273 jobs.

This report will present the state and county level economic and fiscal impacts based on the three proposed scenarios mentioned above. The process will be analyzed according to the initial construction and ongoing operation phases of the project. The economic impacts will assess the direct, indirect and induced activity. The fiscal impact will examine traditional tax revenue projections along with accounting for special gaming tax revenue estimates.

Total State Level Economic Impact

Among the three scenarios projected, the author found that Scenario 2, involving slots, racing and table games, is estimated to generate the largest amount of total output to the state economy in both the construction and operation phases. Scenario 2 will produce a total output of \$655.5 million during the construction phase, with 17 percent derived from indirect and induced effects, and \$279.6 million generated during the operation phase of the project. Total employment for the construction phase of Scenario 2 will equate to 4,655 jobs.¹ The operation phase of this scenario will generate a total of 2,980 jobs, with 2,058 jobs resulting directly from the operation of the racino.

In Scenario 1, the construction phase will produce a total of \$204.5 million in wages, with 62 percent estimated to come directly from the construction of the project. The operation phase of this scenario indicates that the initial \$116.1 million in output to operate the racino will create a total of \$211.5 million in output and 2,246 jobs to the state economy.

Scenario 3 will create 773 jobs during the construction phase and 745 permanent jobs from the operation phase, of which 514 are direct new jobs at the racino.

Total Economic Impact – Summing the Direct, Indirect and Induced Effects			
Construction Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	4,027	\$204,552,305	\$576,742,556
Scenario 2 - Slots, Racing and Table Gaming	4,655	\$236,104,965	\$655,570,868
Scenario 3 - Racing and Table Games	773	\$39,103,145	\$108,953,127
Operation Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	2,246	\$77,018,311	\$211,513,894
Scenario 2 - Slots, Racing and Table Gaming	2,980	\$101,854,772	\$279,657,791
Scenario 3 - Racing and Table Games	745	\$25,463,693	\$69,914,449

Total County Level Economic Impact

The table below displays the total county level economic impact of the Rosecroft racino. Similar to the finding on the state level, Scenario 2, which proposes offering racing, slots and table games, will generate the largest amount of growth in employment, output and

¹ The construction phase is estimated to last approximately two years, whereas the impacts of the operation phase are annual.

wages for Prince George’s County. The results reveal that this scenario will create a total of 4,118 jobs during the construction phase and 2,680 jobs during the operation of the racino. Of the 4,118 jobs generated under Scenario 2, 38 percent of the total employment will be created as a result of indirect and induced effects to Prince George’s County. Once the racino is in operation under Scenario 2, the local economy will increase by 2,680 jobs, of which 2,063 employees will work directly for the racino or through its various outside vendors. Overall, under Scenario 2, Prince George’s County will receive a \$592.4 million increase in output as a result of the construction phase of the project, and a \$213.6 million increase in total output attributed to the operation of the racino.

Total County Level Economic Impact Summing the Direct, Indirect and Induced Effects			
Construction Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	3,645	\$206,012,746	\$524,754,995
Scenario 2 - Slots, Racing and Table Gaming	4,118	\$232,689,439	\$592,413,645
Scenario 3 - Racing and Table Games	685	\$38,551,142	\$98,479,931
Operation Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	2,020	\$62,965,734	\$161,836,177
Scenario 2 - Slots, Racing and Table Gaming	2,680	\$83,163,807	\$213,634,802
Scenario 3 - Racing and Table Games	670	\$20,790,952	\$53,408,701

The total employment in Prince George’s County under Scenario 1 (racing and slots) is expected to generate 3,645 jobs through the construction phase of the project. Nonrecurring construction spending under this scenario will involve 2,257 jobs in direct employment, generating an additional 1,389 jobs through indirect and induced economic effects. Also under Scenario 1, 1,552 jobs will be created from the Rosecroft operation, and 468 jobs will be produced through indirect and induced effects, adding an additional 2,020 jobs to Prince George’s County.

The total wages projected for the construction phase of Scenario 3 is \$39.1 million, with an average salary of more than \$50,000 per worker. During the operation phase, Rosecroft Raceway racino will generate a total of 670 local jobs in Prince George’s County. Of the projected employees, 516 will come directly from the operation of the racino.

Total Fiscal Impact

Total fiscal impact includes property, income, sales, payroll, other and gaming taxes of Rosecroft Raceway’s construction phase of the project. In Scenario 2, the construction phase offers a \$79.1 million fiscal impact, the largest impact of all three scenarios. The construction phase in Scenario 1 follows with a \$76.9 million total fiscal impact.

Construction Phase - Total Tax Revenue	
Total Revenue	
Scenario 1	
State	\$65,925,829
County	\$11,000,116
<i>Total Tax Revenue</i>	<i>\$76,925,945</i>
Scenario 2	
State	\$66,768,281
County	\$12,333,944
<i>Total Tax Revenue</i>	<i>\$79,102,225</i>
Scenario 3	
State	\$4,627,628
County	\$2,056,646
<i>Total Tax Revenue</i>	<i>\$6,684,274</i>

The table below outlines the total fiscal impact of the three scenarios under the operation phase of the project. Scenario 2 generates \$415.9 million in total tax revenue: \$376.4 million in additional tax revenue to the State, and \$39.6 million in new tax revenue to Prince George’s County.

Based on five-year projections offered by the Innovation Group’s study of the Rosecroft Raceway racino, Scenario 1 is expected to generate an average of \$432.3 million, or a total of \$2.2 billion in tax revenue for the state and the county. Scenario 2 will create an average tax revenue of \$464.6 million, or a total of \$2.3 billion over the next five years for the state and the county. The author also found that Scenario 3 will generate a fiscal impact of \$23.9 million during the first year of operation, with an average five-year projected tax revenue of \$26.7 million, or a total of \$133 million in the first five years of operation.

Operation Phase -Total Tax Revenue	
Total Revenue	
Scenario 1	
State	\$352,504,793
County	\$34,538,372
<u>Total Tax Revenue</u>	<u>\$387,043,165</u>
Scenario 2	
State	\$376,376,580
County	\$39,564,517
<u>Total Tax Revenue</u>	<u>\$415,941,097</u>
Scenario 3	
State	\$22,596,568
County	\$1,297,769
<u>Total Tax Revenue</u>	<u>\$23,894,337</u>

The report reveals that the economic and fiscal impact of the Rosecroft Raceway racino will create new job growth and earnings for the county and for the state population. The racino will also contribute significantly to the local and state level output to the economy. In addition, the fiscal effect is estimated to generate a significant increase in additional revenue to the state and county-level governments.

Section I Introduction

In early 2011, Penn National Gaming Inc. acquired Rosecroft Raceway with the goal of revitalizing the historic racetrack in the Fort Washington, Maryland area. In order to ensure the long term viability of racing at Rosecroft, Penn National is interested in bringing slot machines and table games to the facility, pending Maryland legislative, and ultimately statewide voter approval. As a result, the company has tasked the researcher to develop an economic and fiscal impact study for the construction and operation of the proposed racino.

Before the termination of live racing in 2008 and the eventual closing of the harness track in July 2010 as a result of bankruptcy by the previous owners, Rosecroft Raceway was known for more than 60 years as Maryland's oldest and foremost harness racetrack facility. A 53,000 square-foot property, Rosecroft Raceway is situated on 123 acres of land in Prince George's County, Maryland. With Legislative and statewide voter approval, Penn National would plan to demolish the existing grandstand and construct a brand new, state-of-the-art, integrated racing and gaming facility, housing 6,500 Class III slot machines and 160 table games (Innovation Group, 2011). According to the study conducted by the Innovation Group, the Rosecroft Raceway racino, with both Class III slots and table games, is projected to generate an average of \$693 million in annual revenues and welcome 7.6 million visitors to the facility within its first five years of opening.

History

Land-based slots-only casinos in the State of Maryland became a reality after the passage of a legislative referendum in 2008. Two years later, Hollywood Casino in Perryville became the first location in the state to open facilities. Ocean Downs in Berlin, Maryland, followed with its casino opening in January 2011. By May, Maryland casinos had generated \$13.2 million in revenue and acquired a total of \$90.4 million during the current 2011 fiscal year (Maryland Lottery, 2011). In 2010, Maryland's Perryville Hollywood Casino employed 309 employees and produced over \$3.4 million in tips and wages. In addition to the proposed Rosecroft Raceway project, plans are currently underway to open facilities in Anne Arundel County, and eventually Baltimore City and Rocky Gap State Park.

Purpose of the Study

This report will assess the potential economic and fiscal impact of the construction and operation of the Rosecroft Raceway racino, considering three possible scenarios taken from the Innovation Group's study (2009):

- Scenario 1 — Class III slot machines at Rosecroft Raceway and all other approved casino sites in Maryland.
- Scenario 2 — Class III slot machines and table games at Rosecroft Raceway and all other approved casino sites in Maryland.
- Scenario 3 — Class III table games (i.e. Black Jack, Baccarat, Roulette and Craps) at Rosecroft Raceway and Class III slots at all other approved casino sites in Maryland.

Section II

Review of the Literature

Economic Impact of Commercial Casinos

The 1990s marked the advent of regional casinos outside of the long established destination casino markets of Las Vegas, Nevada, and Atlantic City, New Jersey. The legalization of casinos on tribal lands and in primarily mid-western and southern states created a stream of new revenue for Native American tribes and local and state governments and transformed the host casino communities through significant new economic growth and a decline in unemployment. Evans and Topleski (2002) conducted a comparative economic study of tribes with and without casinos. They found that, four years after the opening of the casinos, tribes operating casinos experienced a 26 percent increase in employment. In addition, Tunica, Mississippi was one of the poorest counties in the United States prior to the advent of commercial casinos there. As of 2004, the casino industry in Tunica has revitalized the entire Mississippi Delta region and generated more than 16,000 new jobs and over 1 billion in revenues (Tunica Tourism, 2004).

Prior to the 1990s, casinos were viewed mainly as tourist destinations, rather than commercial facilities. Now, as of 2010, the American Gaming Association reported 22 states offering commercial casino gaming. Gazel (1998) found that local markets provided a significant share of revenue for state economies.

The majority of the literature found that the economic impact of casino gaming on output and employment is significantly positive (Rose, 1998). Studies continuously show that commercial casinos' social benefits rest on the improved earnings of its local residents and new employment opportunities in the communities. The literature also reveals that commercial casinos provide 26 percent more job opportunities to minorities compared to the U.S. national workforce (AGA, 2005).

The social cost of commercial gambling has also been widely studied in the gaming literature. The main focus on the issue concerns criminal activity, bankruptcy and compulsive gambling. Overall, the benefits and cost of gambling have been found to create a net positive benefit for the community according to a Congressional study on the impact of casino gaming in America (Rose, 1998). Rose and others have found that studies on compulsive gambling (Emerson et. al., 1994 and Volberg and Stufen, 1994) indicated no statistically significant increase in pathological gambling.

Substitution Effect

An economic impact study conducted by the University of Cincinnati (2009) highlighted the concept of *New Money*, which is examining whether a substitution effect on existing consumption will occur after the casino is open. The concern is whether the opening of a casino within a community will take away from existing businesses' revenue. Similar to the University of Cincinnati study, Rosecroft Raceway will generate a significant increase in new revenue because local residents will experience less travel time to visit the new racino. Local residents will therefore consume within the state, unlike other popular regional casino

destinations such as Charles Town Casino in West Virginia, or Delaware Park Casino in Delaware. Rose (1998) found in his review of works by Ovedovitz (1992), Delotte and Touche (1992) and other casino impact studies that the evidence of substitution effects is low to none for the economies studied. The advantage of the Rosecroft Raceway racino in dispelling the notion of substitution effects is its cross border effects and close proximity to the city of Washington, D.C. and the State of Virginia. Neither of these neighboring localities offers legalized commercial casinos. Therefore, visitors and local residents will have within reach the opportunity to visit the Rosecroft Raceway facility. Plus, the Washington, D.C. area is a large tourist destination with 16.4 million visitors in 2009 alone (Destination D.C., 2010). The Innovation Group projected that the tourist and local markets surrounding the Rosecroft racino will generate \$517 million in 2013, and increase to \$619 million by 2017, with over six million visitors on average per year (Innovation Group, 2011).

The State of Maryland's economic and fiscal impact projections will solely capture the impact of growth and employment to the state due to the opening of the casino. The concept of *New Money* will be totally assessed on the state level. County level modeling will capture the portion of the state economic impact that will be allocated to Prince George's County.

Section III Data and Methodology

Data

The data for this study will come from expenditure projections provided by Penn National Gaming Inc. Table 1 details the construction and operating costs that will be entered to derive the construction and operation phase output results. Hard costs for construction will range from a minimum of \$49 million under Scenario 3, to a maximum of \$288 million under Scenario 2. The number of employees expected to work for the facility once it is in operation will range from 500 under Scenario 3, to 2,000 under Scenario 2. Local vendor spending on items such as food and entertainment is expected to generate \$10 million under Scenario 1, while local vendors under Scenario 2 will receive \$12 million.

Table 1 - Rosecroft Raceway racino Data based upon three possible scenarios			
	Scenario 1 - Slots	Scenario 2- Slots and Table Games	Scenario 3- Table Games
Construction Spend:			
o Hard construction costs (million)	\$ 254.20	\$ 288.30	\$ 49.00
o Furniture, Fixtures & Equipment (million)	\$ 57.00	\$ 62.60	\$ 10.60
o Architecture & Engineering (million)	\$ 25.90	\$ 29.70	\$ 3.80
Permanent employees (operations)	1,500	2,000	500
Annual spend on local vendors (million)	\$ 10.00	\$ 12.00	\$ 3.00
<i>Source: PENN National Gaming</i>			

Methodology

The author will provide state and county level output, employment and earnings projections based upon the construction and opening of the Rosecroft raceway facility. Fiscal impact analysis of state tax revenues will also be assessed. The model utilized for the study will be the IMPLAN input-output multiplier model.² This model will intake employment and vendor data shown in Table 1 to capture the direct, indirect and induced economic and fiscal impacts on both the State of Maryland and Prince George’s county.

“The IMPLAN model enumerates the employment and fiscal impact of each dollar earned and spent by the following: employees of a new business or project, other supporting vendors (business services, retail, etc.), each dollar spent by these vendors on other firms

² Special thanks to Dr. Daraius Irani of the Regional Economic Studies Institute (RESI) for assisting with the data processing.

and each dollar spent by the households of the new business' employees, other vendors' employees, and other businesses' employees (Brown and Irani, 2011).” The first phase of quantifying the multiplier is to input the total dollars spent on one or more industries that are directly related to the racino. The following industry NAICS Code sectors will require production and/or expenditure from the construction and operation of the Rosecroft Raceway racino.³

Table 2 – NAICS Code Categories	
Sector (NAICS Code)	Description
34	Construction of new nonresidential commercial and health care structures
319	Wholesale trade businesses
369	Architectural, engineering, and related services
409	Amusement parks, arcades, and gambling industries

The initial production and expenditures resulting from the construction and operation of the racino is known as the *Direct Effect*. Phase 2 of the multiplier process is to calculate the Indirect Effects. The *Indirect Effects* capture the phase 1 employee purchases of other firm’s goods and services. After the indirect consumption of other firms and industries has occurred, employees and households of the indirect industries will use their income to purchases goods and services in the local and state economy. This is known as the *Induced Effects*. The sum of the Direct, Indirect and Induced Effects provide the total output generated by the state and/or local economy. The Direct, Indirect, Induced and Total Effects are also captured in model for employment and wages.

The fiscal impact will calculate the tax revenue that the state and county will generate from the construction and operation of a racino at Rosecroft Raceway. Tax revenues derived from the IMPLAN study will take into account the substitution effect and is considered new revenue generated to the state through the construction and operation of the racino. The tax revenues that will be presented in the findings include property, income, sales, payroll, other and gaming taxes.⁴ The author will utilize the projections from the Innovation Group’s study of the Rosecroft racino to assess the gaming tax revenues received by the state and county.

³ NAICS Codes - North American Industry Classification System. A system of industrial classification—developed and used by the United States, Canada, and Mexico—for grouping establishments by similarity of production process. Beginning with the 1997 Economic Census, NAICS has replaced the 1987 SIC as the primary industry classification system used for U.S. economic statistics. NAICS features more detailed classifications for the services industries and improved classifications for the high-tech industries. (IMPLAN, 2011)

⁴ Other Taxes account for categories such as fines, fees and miscellaneous revenue paid to the state.

Section IV State Level Economic Impacts

Scenario 1: Slots and Racing

Scenario 1 takes into account the opening of the Rosecroft Raceway racino with Class III slots and racing. Under Scenario 1, the Innovation Group projected that the Rosecroft facility will generate \$516.9 million in revenue during the first year of opening and \$619.2 million within five years. Also, visitors are estimated to be well over six million per year. The findings in Table 3 provide the economic impact that the Rosecroft Raceway racino will have on the state economy during the construction and operation phases under Scenario 1.

CONSTRUCTION PHASE

The Rosecroft Raceway will undergo demolition and construction of a new commercial gaming facility. The construction spending will be considered non-recurring and generate only a one-time effect. Therefore, under the assumption of Scenario 1, construction of the racino will generate a total of 4,027 jobs. A little over 2,000 of the jobs will come directly from the Rosecroft construction project, while 614 will be indirectly generated, and 1,095 jobs will be induced from additional spending and employment creation. The direct effect of employment from the construction phase will generate 58 percent of the total effect. Total wages from the construction phase will equal \$204.5 million to the state, where 62 percent will come from the direct effect of the construction of the facility. The earnings per worker will average \$50,000.

Table 3 - Scenario 1 Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,318	614	1,095	4,027
Wages	\$126,136,454	\$33,682,547	\$44,733,304	\$204,552,305
Earning per worker	\$54,409	\$54,858	\$40,864	\$50,795
Output	\$337,100,000	\$95,891,195	\$143,751,361	\$576,742,556

The cost of hard construction and other expenditures for the development of a slots and racing facility housed at the existing Rosecroft Raceway is estimated to cost \$337 million. The total output generated from the construction phase of the racino is estimated to be \$576.7 million. The indirect and induced effects of the construction phase will total \$239.6 million, making up 42 percent of the total effect on output.

OPERATION PHASE

The operation phase entails the opening of the facility to approximately six million visitors with gaming amenities and food vendors. Table 4 shows that 1,548 jobs from the operation

of the Rosecroft facility will generate a total of 2,246 jobs to the State of Maryland. The IMPLAN model deduces that 698 jobs will be generated through indirect and induced effects. Scenario 1 will create a \$77 million increase in total wages to the state, with 60 percent predicted to come directly from the operation of the racino. Earnings per worker under the operation phase in this scenario will average \$38,000 per employee.

Table 4 - Scenario 1 Operation Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	1,548	285	413	2,246
Wages	\$46,273,238	\$13,874,395	\$16,870,677	\$77,018,311
Earnings per worker	\$29,890	\$48,716	\$40,859	\$34,296
Output	\$116,117,712	\$41,181,943	\$54,214,238	\$211,513,894

The results in table 4 also indicate that the \$116.1 million in output directly related to the operation of the racino will generate a total of \$211.5 million in output to the state economy. Of the \$211.5 million accounted for in total output, \$41.1 million will be created as a result of indirect effects, and \$54.2 million will be induced output expenditures.

Scenario 2: Slots, Table Games and Racing

CONSTRUCTION PHASE

Table 5 illustrates the economic impact of construction of the Rosecroft facility under Scenario 2, which would provide slots, table games and racing. Overall, the construction phase based on this scenario will support a total of 4,655 jobs, with 58 percent of the employment generated from the direct effect of Rosecroft's construction costs. Total wages resulting from the construction phase of Scenario 2 will sum to \$236.1 million, creating an average wage per employee of \$50,000.

Table 5 - Scenario 2 Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,685	703	1,267	4,655
Wages	\$146,004,035	\$38,310,964	\$51,789,966	\$236,104,965
Earning per worker	\$54,384	\$54,481	\$40,863	\$50,716
Output	\$380,600,000	\$108,542,887	\$166,427,981	\$655,570,868

The initial cost of \$380.6 million for construction of the facility will create a total output of \$655.6 million towards the State of Maryland's economy. The indirect effect of the construction represents 17 percent of the total effect, while the induced effect contributes 25 percent to the total effect on state level output.

OPERATION PHASE

The operation phase of Scenario 2 involves the opening of the facility to provide slots, racing and table games to over seven million visitors. The predicted revenue will range from \$623.5 million during the first year of operation to \$746.8 million within five years of operation (Innovation Group, 2011). Table 6 displays that 2,058 jobs from the operation of the Rosecroft facility will generate a total of 2,980 employees to the State of Maryland. Of the projected total, 31 percent will be created through indirect and induced effects. Under Scenario 2, total wages to the state will increase by \$101.8 million, with 60 percent predicted to stem directly from the operation of the racino.

Table 6 - Scenario 2 Operation Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,058	377	546	2,980
Wages	\$61,197,858	\$18,337,225	\$22,319,689	\$101,854,772
Earning per worker	\$29,741	\$48,704	\$40,864	\$34,175
Output	\$153,490,286	\$54,442,771	\$71,724,733	\$279,657,791

Table 6 also reports that the \$153.5 million in output directly related to the operation of the racino will bring a total of \$279.6 million additional in output to the state economy, which includes \$54.4 million from indirect effects and \$71.7 million representing induced effects.

Scenario 3: Table Games and Racing

CONSTRUCTION PHASE

Scenario 3 supports the assumption that the Rosecroft racino will provide table games and racing. Table 7 displays the direct, indirect, induced and total effects for workers, output and wages. The construction phase of scenario 3 will support a total of 773 jobs to the state economy, of which 447 will come directly from the construction of the facility. The total wages projected for the construction phase of Scenario 3 is \$39.1 million, with an earning per worker average of over \$50,000. The total output provided through the construction phase will be an estimated \$108.9 million. The indirect and induces effect of the expenditures on construction will total \$45.5 million.

Table 7 - Scenario 3 Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	447	116	210	773
Wages	\$24,181,598	\$6,341,600	\$8,579,948	\$39,103,145
Earning per worker	\$54,049	\$54,669	\$40,857	\$50,560
Output	\$63,400,000	\$17,981,313	\$27,571,814	\$108,953,127

OPERATION PHASE

Under Scenario 3, the Rosecroft facility would provide racing and table games to approximately 1.7 million visitors in the first year of operation. The predicted revenue based on this scenario will range from \$177.3 million during the first year of operation to \$212.4 million within five years of operation (Innovation Group, 2011). Table 8 reports that the Rosecroft facility will generate a total of 745 jobs to the State of Maryland. Of the projected total, employment of 514 employees will come directly from the operation of the racino. The \$15.2 million in direct wages from the racino will produce an indirect and induced amount of \$10.2 million worth of wages to the economy, creating a total wage projection of \$25.5 million.

Impact	Direct	Indirect	Induced	Total
Employment	514	94	137	745
Wages	\$15,299,465	\$4,584,306	\$5,579,923	\$25,463,693
Earning per worker	\$29,742	\$48,717	\$40,849	\$34,175
Output	\$38,372,572	\$13,610,693	\$17,931,184	\$69,914,449

The operation phase of the project will create \$69.9 million in total output to the State of Maryland economy. Of that amount, \$31.5 million will be created through indirect and induced effects, making 55 percent of the total output a direct result of the operation of Rosecroft.

Total State Level Economic Impact

Table 9 summarizes the total economic impact of the Rosecroft racino based on all three scenarios. Among the three, as previously noted, Scenario 2—involving slots, racing and table games—will generate the largest amount of total output to the state economy in both the construction and operation phases. Scenario 2 will produce a total output of \$655.5 million during the construction phase and \$279.6 million during the operation phase of the project. Total employment for the construction and operation phase of Scenario 2 equates to 7,636 jobs.⁵ In contrast, Scenario 3—with only racing and table games—created the least number of jobs, reporting a total employment impact of 773 jobs generated from the construction phase and 745 jobs from the operation phase.

⁵ The construction phase is estimated to last approximately two years then ending, whereas the impacts of the operation phase are annual.

**Table 9 - Total Economic Impact –
Summing the Direct, Indirect and Induced Effects**

Construction Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	4,027	\$204,552,305	\$576,742,556
Scenario 2 - Slots, Racing and Table Gaming	4,655	\$236,104,965	\$655,570,868
Scenario 3 - Racing and Table Games	773	\$39,103,145	\$108,953,127
Operation Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	2,246	\$77,018,311	\$211,513,894
Scenario 2 - Slots, Racing and Table Gaming	2,980	\$101,854,772	\$279,657,791
Scenario 3 - Racing and Table Games	745	\$25,463,693	\$69,914,449

Section V

County Level Economic Impacts

The Rosecroft Raceway is located in Fort Washington, Maryland, within Prince George’s County. This section of the report will utilize the data provided by Penn National Gaming and the Innovation Group to estimate the economic impact that Prince George’s County will receive from a proposed racino being located in its county. While the state impacts include the effects from all jurisdictions in the state, including Prince George’s County, this section will highlight the amount of economic impact that will be generated specifically to the county itself.

This section of the report will also consider the three scenarios of operation previously examined, providing both the construction and operational economic impacts.

Scenario 1: Slots and Racing

COUNTY LEVEL CONSTRUCTION PHASE

Nonrecurring construction spending under Scenario 1 (racing and slots) will involve 2,257 jobs in direct employment, generating an additional 1,389 jobs through indirect and induced economic effects and creating a total impact on Prince George’s County employment of 3,645 jobs resulting from the construction phase of the project. Wages impacting the county will total \$206 million, with 69 percent of the wages derived directly from the construction of the project. Lastly, Prince George’s County will receive a total increase of output estimated to be approximately \$524.7 million, with \$187.6 million derived from the indirect and induced effects on its local economy.

Table 10 - Scenario 1 County Level Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,257	491	897	3,645
Wages	\$142,469,064	\$28,456,048	\$35,087,634	\$206,012,746
Output	\$337,100,000	\$74,004,828	\$113,650,167	\$524,754,995

COUNTY LEVEL OPERATION PHASE

Table 11 displays the economic impact of the operation on the Prince George’s County government. The results indicate that the operation phase through permanent employment and vendors will directly create 1,552 jobs, of which 468 will be created through indirect and induced effects. Therefore, the 2,020 total jobs will be generated to Prince George’s County through the operation of the Rosecroft racino. Total earnings will equate to over \$63

million, with \$20.9 million of the earnings being derived from indirect and induced effects to the county.

Table 11 - Scenario 1 County Level Operation Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	1,552	203	265	2,020
Wages	\$42,068,141	\$10,527,334	\$10,370,259	\$62,965,734
Output	\$99,529,400	\$28,717,721	\$33,589,057	\$161,836,177

Overall, total output is expected to increase to approximately \$161.8 million. Of that amount, \$99.5 million will be directly attributed to the operation of the racino, while the indirect and induced effects will generate \$28.7 million and \$33.6 million, respectively.

Scenario 2: Slots, Table Games and Racing

COUNTY LEVEL CONSTRUCTION PHASE

Table 12 illustrates the direct, indirect, induced and total effects for workers, output and wages under Scenario 2—the option of slots, table games and racing to the Rosecroft facility. The jobs supported by the construction phase of this scenario will total 4,118 employees, of which 2,551 will come directly from the construction of the facility. The total wages projected for Scenario 2 is \$232.7 million, of which \$161 million will stem directly from the construction phase of the project. Overall, the total output provided through the construction phase of the project will generate \$592.4 million. The indirect and induced effects of the expenditures on construction will total \$211.8 million.

Table 12 - Scenario 2 County Level Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,551	554	1,014	4,118
Wages	\$160,964,111	\$32,086,927	\$39,638,401	\$232,689,439
Output	\$380,600,000	\$83,423,363	\$128,390,282	\$592,413,645

COUNTY LEVEL OPERATION PHASE

Table 13 shows that 2,063 jobs from the operation of the Rosecroft racino will generate a total of 2,680 employees to the State of Maryland. Of the projected total, 23 percent will be created through indirect and induced effects. Scenario 2 will increase total wages to the county by \$83.2 million, with 67 percent of the total wages predicted to come directly from operation of the racino.

Table 13 - Scenario 2 County Level Operation Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	2,063	268	350	2,680
Wages	\$55,575,101	\$13,891,626	\$13,697,080	\$83,163,807
Output	\$131,372,533	\$37,897,708	\$44,364,561	\$213,634,802

The results in Table 13 also indicate that the \$131.4 million in output directly related to the operation of the racino will generate a total of \$213.6 million to the local Prince George’s County economy. Of the \$213.6 million accounted for in total output, \$37.9 million will be created due to indirect effects and \$44.4 million will be induced expenditures from the operation of the racino.

Scenario 3: Table Games and Racing

COUNTY LEVEL CONSTRUCTION PHASE

The results in Table 14 consider the assumptions in Scenario 3—racing and table games. The outcome predicts that 425 direct construction jobs will generate a total of 685 additional jobs to Prince George’s County. The newly created positions will offer approximately \$38.5 million in total wages to the county’s workforce. The total output derived solely from the construction phase of this scenario is estimated to be well over \$98 million, with \$63.4 million in output derived directly from the project’s construction efforts.

Table 14 - Scenario 3 County Level Construction Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	425	91	168	685
Wages	\$26,672,126	\$5,311,815	\$6,567,201	\$38,551,142
Output	\$63,400,000	\$13,808,517	\$21,271,414	\$98,479,931

COUNTY LEVEL OPERATION PHASE

Table 15 reports that the Rosecroft facility will generate a total of 670 jobs for the Prince George’s county community, of which 516 employees will come directly from the operation of the racino. The \$13.9 million in direct wages from the racino will create an indirect and induced additional \$6.9 million worth of wages to the economy, producing a total of \$20.8 million in additional wages for the county.

Table 15 - Scenario 3 County Level Operation Phase Results				
Impact	Direct	Indirect	Induced	Total
Employment	516	67	88	670
Wages	\$13,893,775	\$3,472,906	\$3,424,270	\$20,790,952
Output	\$32,843,133	\$9,474,427	\$11,091,141	\$53,408,701

The operation phase of Scenario 3 will create \$53.4 million in total output to Prince George’s County, of which \$20.6 million will be created through indirect and induced effects equating to 38.6 percent of the total output to the county.

Total County Level Economic Impact

Table 16 reports the total economic impact of the Rosecroft Raceway racino for all three scenarios. Similar to the findings on the state level, Scenario 2, which proposes offering racing, slots and table games, will generate the largest amount of employment, output and wages growth in Prince George’s County. The results reveal that the combination of slots, table games and racing will create a total of 4,118 jobs during the construction phase and 2,680 jobs during the operation phase. Of the more than 4,000 jobs generated under scenario 2, 38 percent will emerge as a result of indirect and induced effects to the Prince George’s County government. Once the racino is in operation under Scenario 2, an estimated 2,680 jobs will be created in the economy, of which 2,063 residents will be directly employed by the racino or through its various food vendors. Overall, under scenario 2, Prince George’s County will receive a \$592.4 million increase in output due to the construction phase of the project and a \$213.6 million increase in total output attributed to the operation of the racino.

Table 16 - Total County Level Economic Impact Summing the Direct, Indirect and Induced Effects			
Construction Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	3,645	\$206,012,746	\$524,754,995
Scenario 2 - Slots, Racing and Table Gaming	4,118	\$232,689,439	\$592,413,645
Scenario 3 - Racing and Table Games	685	\$38,551,142	\$98,479,931
Operation Phase			
	Employment	Wages	Output
Scenario 1 - Slots and Racing	2,020	\$62,965,734	\$161,836,177
Scenario 2 - Slots, Racing and Table Gaming	2,680	\$83,163,807	\$213,634,802
Scenario 3 - Racing and Table Games	670	\$20,790,952	\$53,408,701

Section VI

State and County Level Fiscal Impacts

This section will detail the fiscal impact on the state and county of constructing and operating Rosecroft Raceway, based on the three proposed scenarios. Along with traditional tax revenue, the State of Maryland will accrue additional tax income in the form of licensing fees during the construction phase of the project, and ongoing gaming tax revenue during the operation phase of the project. According to state regulations, Video Lottery Terminal (VLT) operators must pay an initial license fee of \$3 million and invest at least \$25 million for every 500 VLTs. Under Scenarios 1 and 2, Penn National expects to house 6,500 slots within the Rosecroft facility, which will generate initial licensing fees of \$39 million during the construction phases of both scenarios. Table 17 illustrates the revenue distribution breakdown of the additional revenue the state will earn from slot operations in Maryland. The table shows that 33 percent of the revenue will be allocated to the casino operation, while 67 percent will be considered gaming tax revenue—funds disbursed among the remaining categories in the table. The county will receive 5.5 percent of the gaming revenue through local impact grants.

Table 17 - VLT Gaming Revenue – Total	
	%
Gross Terminal Revenue	100
Education Trust Fund	48.5
Casino Operators	33
Purse Dedication	7
Local Impact Grants	5.5
Race Tracks Facility Renewal Account	2.5
Maryland Lottery	2
Small, Minority, and Women-Owned Business	1.5

In addition to the gaming tax revenue, Scenario 2 will create an additional 10 percent of table game revenue for the state. Under Scenario 3, slots are not included as an option—only table games and racing—therefore, the gaming tax revenue allocated to the state will be 10 percent of the gaming revenue generated. For all scenarios listed below, the State of Maryland receives all sales and payroll tax revenues. A portion of the income tax revenue will also be allocated to the state, and the remaining funds will be disseminated to the appropriate county. The largest revenue generator for Prince George’s County is property

taxes, followed by income taxes. The tax revenue in the other category represents fines, fees and other miscellaneous categories.

Scenario 1: Slots and Racing – Fiscal Impact

Under Scenario 1, the initial construction of Rosecroft Raceway will generate a total of \$76.9 million in additional tax revenue to the state and Prince George’s County government. The majority of the state revenue will come from the initial license fees, totaling \$39 million, and taxable sales to the state, an estimate of over \$12.6 million. Prince Georges County will receive a significant portion of tax revenue through taxable property, expected to total \$8 million during the construction phase of the project.

Table 18 - Scenario 1 Construction Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 925,940	\$ 7,995,111	\$ 8,921,051
Income Tax	\$ 3,788,483	\$ 3,005,005	\$ 6,793,488
Sales Tax	\$ 12,623,319	\$ -	\$ 12,623,319
Payroll Tax	\$ 562,878	\$ -	\$ 562,878
Other	\$ 9,025,209	\$ -	\$ 9,025,209
Initial License Fee	\$ 39,000,000	\$ -	\$ 39,000,000
Total	\$ 65,925,829	\$ 11,000,116	\$ 76,925,945

After the completion of the construction phase in Scenario 1, ongoing operation of Rosecroft racino will occur. Table 19 displays the fiscal impact of that phase. The total tax receipts of gross revenue to the state and county government due to the operation phase of the project is \$387 million, of which \$352.5 million will be allocated to state tax revenue and \$34.5 million will be attributed to county level tax revenues. Prince Georges County will receive \$30.5 million of the total gaming tax revenue through the 5.5 percent allocation in local impact grants.

Table 19 - Scenario 1 Operation Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 370,167	\$ 3,079,063	\$ 3,449,230
Income Tax	\$ 1,428,868	\$ 888,219	\$ 2,317,087
Sales Tax	\$ 5,049,434	\$ -	\$ 5,049,434
Payroll Tax	\$ 211,935	\$ -	\$ 211,935
Other	\$ 3,672,479	\$ -	\$ 3,672,479
Gaming Tax	\$ 341,771,910	\$ 30,571,090	\$ 372,343,000
Total	\$ 352,504,793	\$ 34,538,372	\$ 387,043,165

Overall in Scenario 1, the state and county level construction phase will generate an average total tax revenue of \$76.9 million. Under the operation phase, based on the Innovation Group’s tax revenue projections, the Rosecroft racino will provide an average of \$432.3 million additional in state and county level revenue over the first five years of operation and a total tax revenue of \$2.2 billion.

Scenario 2: Slots, Table Games and Racing – Fiscal Impact

Table 20 reports the fiscal impact based on the assumption that the Rosecroft facility will provide racing, slots and table games. The construction phase of the project will create an additional \$79 million in state and county revenue. Income tax revenue for the state will equal \$4.4 million, while the Prince George’s County government will receive \$3.4 million in income tax revenue due to construction. Again, the largest portion allocated to the state will be the \$39 million in license fees. Prince George’s County, under the construction phase, will receive an additional \$8.9 million in property taxes and \$3.4 million in income tax revenue.

Table 20 - Scenario 2 Construction Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 908,116	\$ 8,939,199	\$ 9,847,315
Income Tax	\$ 4,386,582	\$ 3,394,744	\$ 7,781,326
Sales Tax	\$ 12,357,190	\$ -	\$ 12,357,190
Payroll Tax	\$ 649,704	\$ -	\$ 649,704
Other	\$ 9,466,689	\$ -	\$ 9,466,689
Initial License Fee	\$ 39,000,000	\$ -	\$ 39,000,000
Total	\$ 66,768,281	\$ 12,333,943	\$ 79,102,224

The ongoing operation of the facility, based on Scenario 2, is estimated to generate tax revenues totaling \$415.9 million. The state will receive \$376.3 million in the form of gaming tax revenue, while the county will receive \$39.6 million of the allocated gaming tax revenue. State level taxable sales will increase by \$6.6 million followed by a \$4.8 million increase in other state level taxes and fees. County level fiscal impacts under Scenario 2 will generate \$39.6 million to Prince George’s County. The total five-year projected tax revenue, under Scenario 2, is estimated to exceed \$2.3 billion, averaging a state and county level tax revenue of \$464.6 million over the first five years of operation.

Table 21 - Scenario 2 Operation Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 485,120	\$ 4,017,911	\$ 4,503,031
Income Tax	\$ 1,890,399	\$ 4,017,911	\$ 5,908,310
Sales Tax	\$ 6,616,888	\$ -	\$ 6,616,888
Payroll Tax	\$ 280,280	\$ -	\$ 280,280
Other	\$ 4,833,588	\$ -	\$ 4,833,588
Gaming Tax	\$ 362,270,305	\$ 31,528,695	\$ 393,799,000
Total	\$ 376,376,580	\$ 39,564,517	\$ 415,941,097

Scenario 3: Table Games and Racing – Fiscal Impact

The findings from Scenario 3, shown in Table 22, display a total tax revenue during the construction phase of approximately \$6.7 million. The state will receive the majority of the revenue—around \$4.6 million—and the County will receive a little over \$2 million in property and income tax revenue. Since slots are not included in Scenario 3, the state licensing fees will not be considered as a revenue source. The majority of the state level tax revenue will derive from \$2.1 million in taxable sales revenue. Prince George’s County will receive a total tax revenue under the construction phase of more than \$2 million.

Table 22 - Scenario 3 Construction Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 151,709	\$ 1,494,212	\$ 1,645,921
Income Tax	\$ 726,725	\$ 562,434	\$ 1,289,159
Sales Tax	\$ 2,064,595	\$ -	\$ 2,064,595
Payroll Tax	\$ 107,603	\$ -	\$ 107,603
Other	\$ 1,576,996	\$ -	\$ 1,576,996
Initial License Fee	\$ -	\$ -	\$ -
Total	\$ 4,627,628	\$ 2,056,646	\$ 6,684,274

Table 23 reposts the tax revenue generated from the operation phase of Scenario 3. The total tax revenue under this phase is estimated to be \$23.9 million. Of that amount, \$22.6 million will be allocated to the State of Maryland, and Prince George’s County will receive a total of \$1.3 million. The average revenue projected over the first five years of operation under Scenario 3 is projected to be \$26.7 million, totaling a tax revenue for the state and county of over \$144 million.

Table 23 - Scenario 3 Operation Phase Fiscal Impact			
	State Level Fiscal Impacts	County Level Fiscal Impacts	Total
Property Tax	\$ 121,280	\$ 1,004,478	\$ 1,125,758
Income Tax	\$ 472,600	\$ 293,291	\$ 765,891
Sales Tax	\$ 1,654,222	\$ -	\$ 1,654,222
Payroll Tax	\$ 70,070	\$ -	\$ 70,070
Other	\$ 1,208,396	\$ -	\$ 1,208,396
Gaming Tax	\$ 19,070,000		\$ 19,070,000
Total	\$ 22,596,568	\$ 1,297,769	\$ 23,894,337

Total Fiscal Impact

Table 24 summarizes the total fiscal impact (including property, income, sales, payroll, other and gaming taxes) of Rosecroft Raceway’s construction phase of the project. In Scenario 2, the construction phase offers a \$79.1 million fiscal impact, the largest impact of all three scenarios. Scenario 1’s construction phase follows with a \$76.9 million total fiscal impact.

Table 24 - Construction Phase -Total Tax Revenue	
Total Revenue	
Scenario 1	
State	\$65,925,829
County	\$11,000,116
<u>Total Tax Revenue</u>	<u>\$76,925,945</u>
Scenario 2	
State	\$66,768,281
County	\$12,333,944
<u>Total Tax Revenue</u>	<u>\$79,102,225</u>
Scenario 3	
State	\$4,627,628
County	\$2,056,646
<u>Total Tax Revenue</u>	<u>\$6,684,274</u>

Table 25 reports the state, county and combined fiscal impacts (including property, income, sales, payroll, other and gaming tax revenue) for all scenarios during the operation phase. Scenario 2 will generate \$415.9 million in total tax revenue. The State of Maryland will receive \$376.4 million in additional tax revenue, while Prince George’s County will acquire \$39.6 million in new tax revenue. For this assessment, the author utilized the Innovation Group’s economic growth assumptions and applied the percentages to Table 25 for each assumption. During the first five years of operation, Scenario 1 will be expected to generate an average of \$432.3 million or a total of \$2.2 billion in tax revenue for the state and the county. Scenario 2 will create an average total tax revenue of \$464.6 million and a total of \$2.3 billion over the next five years for the state and the county. The author also found that Scenario 3 will generate a fiscal impact of \$23.9 million during the first year of operation, with an average five-year projected tax revenue of \$26.7 million—a total of \$133 million within the first five years of operation.

Table 25 - Operation Phase -Total Tax Revenue	
Total Revenue	
Scenario 1	
State	\$352,504,793
County	\$34,538,372
<u>Total Tax Revenue</u>	<u>\$387,043,165</u>
Scenario 2	
State	\$376,376,580
County	\$39,564,517
<u>Total Tax Revenue</u>	<u>\$415,941,097</u>
Scenario 3	
State	\$22,596,568
County	\$1,297,769
<u>Total Tax Revenue</u>	<u>\$23,894,337</u>

Section VII

Conclusion

In conjunction with resuming live racing at the Rosecroft Raceway, situated on 123-acres in Fort Washington, Maryland, Penn National Gaming is also interested in exploring three potential scenarios for expanded gaming at the track. The author found, based on the projections offered in the Innovation Group Study and additional cost estimates, that all three scenarios will generate an increase in employment, wages and output to the State of Maryland and the Prince George County economy.

Opening a slots and racing facility according to Scenario 1 will create an increase in state total wages by an estimated \$204.5 million during construction and \$77 million once in operation. Also, 6,273 jobs will be created under the construction and operation phase of the Scenario 1 project. The fiscal impact of construction on the state and county levels total \$37.9 million for construction and \$14.7 million for operation.

In Scenario 2, the state economy is estimated to receive an increase in total output of \$655.5 million in construction and \$279.6 million in operation due to the slots, table games and racing activities. Prince George's County alone will gain a total of 2,680 jobs during operation and 4,118 jobs during construction. The author estimates that the overall total tax revenue, under Scenario 2, will equal \$79.1 million during construction and \$415.9 million once the facility is in operation. The total tax revenue over the first years of operation is estimated to exceed \$2.3 billion.

The last of the three scenarios encompasses a table games and racing facility. The author has found that the total employment to the State of Maryland under this scenario will create 1,517 total jobs due to the construction and operation phases of the project. The output to the state will increase by a total of \$108.9 million during construction and \$69.9 million once in operation.

As the economic literature on casinos has revealed, the social benefits of opening a facility are many, including increased employment opportunities—especially for minorities and women—which in turn promote job stability and a decline in local unemployment rates. The social costs of operating a casino are also important to consider; however, researchers have found that casino opportunities create a net positive effect on their communities (Rose, 1998).

This report reveals that the proposed Rosecroft Raceway racino would follow in this vein. The economic and fiscal impact of constructing and operating the facility will create new job growth and earnings for the county and state population. The racino will also contribute significantly to the local and state level output to the economy. In addition, the fiscal effect is estimated to generate a significant increase in additional revenue to the state and county-level governments.

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Appendix – Definitions and Disclaimer

Definitions

Total Economic Impact: The sum of direct, indirect and induced effects.

Direct Effect: The set of expenditures applied to the predictive model (i.e., I/O multipliers) for impact analysis. It is a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy. These initial changes are determined by an analyst to be a result of this activity or policy. Applying these initial changes to the multipliers in an IMPLAN model will then display how the region will respond, economically to these initial changes (IMPLAN, 2011).

Full-time equivalent (FTE): Employees equal the number of employees on full-time schedules plus the number of employees on part-time schedules (contractual, seasonal as well) converted to a full-time basis. The number of full-time equivalent employees in each industry is the product of the total number of employees and the ratio of average weekly hours per employee for all employees to average weekly hours per employee on full-time schedules. An industry's full-time equivalent employment will be less than the number of its employees on full- and part-time schedules, unless it has no part-time employees (BEA, 2011).

Indirect Effect: The impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added. The impacts are calculated by applying Direct Effects to the Type I Multipliers (IMPLAN, 2011).

Induced Effect: The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not a leakage to the regional economy. This money is recirculated through the household spending patterns causing further local economic activity (IMPLAN, 2011).

NAICS Codes: North American Industry Classification System. A system of industrial classification—developed and used by the United States, Canada, and Mexico—for grouping establishments by similarity of production process. Beginning with the 1997 Economic Census, NAICS has replaced the 1987 SIC as the primary industry classification system used for U.S. economic statistics. NAICS features more detailed classifications for the services industries and improved classifications for the high-tech industries (IMPLAN, 2011).

Disclaimer

The findings in the report reflect estimates of the projections on the economic and fiscal impact of the Rosecroft Raceway racino. Dr. Brown-Robertson (Associate Professor of Economics at Bowie State University) and Regional Economic Studies Institute (RESI) generated the results from the Innovation Group report to PENN National and costs estimated provided by PENN National Gaming. The author assumed that the information provided is accurate and consistent.

The report presents the economic and impact findings of three scenarios during the construction and operation phase of the project. Although the author has made every effort to ensure the reliability of the findings, she or RESI makes no guarantees of any kind. In conclusion, the report solely focuses on the state and county level effects on employment, wages, output, and tax revenue (property, income, sales, payroll and other fees) results due to the construction and operation of the Rosecroft Raceway racino.