

The Middleborough Casino Deal: Payout or Bust?

The Mashpee Wampanoag Tribe has proposed to build a casino on several hundred acres in bucolic Middleborough. In addition to the slot machines and gaming tables, the development is slated to include a 1,200 room luxury hotel, restaurants, a golf course, theme park and other associated amenities.

In the agreement signed between the Town of Middleborough and the Tribe to allow the casino, it is clear that the Town of Middleborough is being paid a lot of money to host the facility. Compensation to the Town includes:

- Police cruisers, ambulances and the hiring of additional police, firefighters and EMTs (estimated at \$2,005,000);
- Infrastructure improvements, including Route 44 upgrade (\$172 million), electric (\$13 million), gas (\$12.4 million), water (\$22.5 million) and sewer (\$26.3 million);
- Annual payments starting at \$7 million with an escalator clause; payments in lieu of property taxes; and revenue from a 4% lodging tax (up to \$11 million/year);
- Pre-opening mitigation and planning (\$250,000/year);
- Compulsive gambling treatment - a one time payment of \$40,000, plus annual payments of \$20,000.

Middleborough voters approved the agreement at an historic outdoor town meeting by a nearly 2 to 1 vote. Voters and town officials didn't seem too worried about their neighboring cities and towns – Middleborough got theirs and it's up to the rest of the communities to fight for their share.

There's something wrong with this picture, and a development of this size brings the problem into clearer focus. Middleborough cuts a deal for Middleborough but leaves its neighboring communities on the outside looking in. These are the neighbors who will put up with the traffic, house the workers, educate their kids and dispose of the solid waste. Under our present home rule system of local government, these neighboring communities must now depend upon the good graces of the Commonwealth of Massachusetts to make sure that they get a share of the pie.

We should not have to rely on the state to negotiate for us to adjust the inequities in our municipal financial picture. We need a system that matches the costs and benefits of large developments with the burden and needs of the area that is impacted by the development – not just the city or town that it happens to locate in.

The current system of relying on the local property tax to pay for schools, roads, libraries, public safety and other local government functions is badly in need of reform. Just ask the residents of Dartmouth. A casino in every city and town is not the answer.

But regional inequities of the local property tax system aside, did Middleborough get a good deal?

By approving the agreement at town meeting, voters have set a price on the value of their town. The casino will irretrievably change Middleborough, and other than the money, one would be hard pressed to describe any of those changes as positive. All of the payments for infrastructure and public safety are going toward improvements to allow the casino to locate there. These improvements would not be needed without the casino. (The exception is the Route 44 improvements, which are in the state's long term plans to upgrade, with or without the casino).

The Town sold out for \$7 million a year plus other revenues that could bring the annual receipts to \$11 million. This is the price the residents have put on their town. In essence, they have given the developers a license to change the town in exchange for \$11 million/year. In the end, there will be more traffic, more crime, more pollution, more development and more kids in the school system. There will be less open space, less solitude, less farmland and less small town feel. Will those changes be worth \$11 million?

How will the residents share in this bonanza? They will be “paid” in the form of lower property taxes. Here is what the financial equation looks like. In 2007, the total property tax levy on the town was \$25.6 million. In a best case scenario, assuming the Town receives the full \$11 million a year from the Tribe (not likely), and state aid in the form of “cherry sheet” payments stays the same (likely to decrease as casino payments kick in), and the town expenditures stay level (even less likely), the property tax levy could drop by nearly 43%, or \$1386 for the average homeowner in the first year. This translates into an average of \$498 for every person in town (based upon an average household size of 2.78 persons). This is the best case scenario for year one. Increases in local expenditures and decreases in local aid will shrink those benefits over time.

Is it a good deal? That depends on what you value. But this is the trade off that Middleborough has made – lower taxes in exchange for more traffic, more pollution, more people, less open space and less peace and quiet. The voters have spoken and that is what they have said. Let’s hope that the surrounding towns at least get the opportunity to make the choice.

Stephen C. Smith
Executive Director
Southeastern Regional Planning and Economic Development District (SRPEDD)
88 Broadway, Taunton, MA 02780