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A casino that rivals anything in Vegas opens a few miles east of Portland. It brings a hotel, shopping, entertainment. It also pours \$650 million of business into the local economy. Another \$150 million goes to Oregon schools and local governments. And the casino brings jobs -- thousands of them -- for people out of work.

At first glance, it looks like Oregon's first private casino -- proposed to voters under [Measure 75](#) on the Nov. 2 ballot -- would be a cash train for everyone.

The reality is far more complicated. A privately owned casino comes with hidden costs to Oregon's economy, and that raises questions about just how big a boon it would be for the state.

A state economic analysis found the casino could draw between \$29 million and \$87 million a year more out of Oregon than it would bring in, raising doubts that the casino would leave the state's economy stronger. Meanwhile, most of the spending at the casino would come from within Oregon -- an estimated 75 percent, according to its backers. As a result, much of the economic activity it generates comes by taking away spending from elsewhere in the state.

State officials also believe the [Oregon Lottery](#) would get hit. No one knows how hard, and estimates vary. But some of the money provided to the state by the casino could simply be a shift from the school funding and programs now paid for by the lottery.

The backers of the measure dispute these conclusions, saying the casino would not create big or lasting problems for the lottery. And they insist the casino would bring a huge economic boost to the Portland area and the entire state.

"There is no development like this," said Matt Rossman, one of the chief sponsors of Measure 75. "This will bring unique and new entertainment venues that don't exist in Oregon."

### Rewriting state law

Measure 75 would rewrite state law with the intent to approve a huge casino at the former [Mult](#)

[nomah Kennel Club site in Wood Village](#)

. The measure calls for a casino of up to 3,500 slots, more than any casino in Nevada and most in Atlantic City.

Under the measure, the Wood Village casino would send 25 percent of the gross gambling revenues to Oregon schools, local governments and some state programs. By contrast, 65 percent of lottery sales goes to state programs.

The Oregonian has examined Measure 75, the economic projections offered by its backers, an economic analysis by state officials and other public documents.

The question that hangs over any economic development proposal is whether it brings in new money or attracts money that would have been spent here anyway.

"It's the classic 'but for' question," said Anthony Rufolo, a Portland State University professor of urban studies and planning, and an expert on economic development.

"What would happen 'but for' this casino? There is no easy answer. When we look at a project, we're typically looking to see if it brings money into the region."

The measure requires the casino developers spend \$250 million to build it. Rossman and Bruce Studer, the casino measure's other sponsors, say most of the development money would come from outside the state, from lenders and through a Canadian investment firm, Clairvest. The development could run \$450 million when finished. Backers say the full build-out could create about 5,000 construction jobs.

Rossman and Studer say another 2,500 jobs will follow when the casino and surrounding entertainment center open. Studer said they estimate these jobs will pay an average of \$35,000 a year, plus health benefits.

"They are permanent jobs," Studer said. "They will not migrate. These are not jobs that go there and then move overseas. They will be Oregon jobs."

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## **Job gains debated**

But once the casino is built, would these jobs actually add to the Oregon economy?

One state economic analysis says no.

By law, state officials must prepare financial impact statement for ballot measures. As part of that work on Measure 75, the non-partisan Legislative Revenue Office attempted to estimate the overall impact of the casino on the state's economy.

The study's conclusion: The casino would actually shrink the state economy between \$29 million and \$87 million a year.

The analysis found that between \$128 million to \$230 million a year would flow out of Oregon to the casino's out-of-state owners and bankers -- far more money than it brings into Oregon.

The consequence, says the economist who did the analysis, is that the casino could cost Oregon more jobs than it creates.

Mazen Malik, a senior economist with the revenue office, said his analysis gave the casino proposal the benefit of the doubt in many assumptions.

He said his analysis still found an "overwhelming" amount of money that would flow out to casino owners and lenders. As a result, he said, the casino could create a net loss in jobs and wouldn't add to state tax revenues.

Malik said voters may find many reasons to vote for or against a casino, depending on their political points of view.

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"But this is not an economic answer for anybody's problem. This is not a revenue solution," Malik said. "There is no new magic money here."

Rossman and Studer challenged the revenue office study. They say the analysis significantly overestimates the amount of money flowing out of Oregon and underestimates the new business coming into the state.

And they say the fact the analysis leaves out the entire value of the estimated \$450 million investment in building the casino development creates hurts the way their project is portrayed.

"It's misleading," Rossman said. "It's not a reflection of what the impact will be, and that's very disappointing."

The state's official statement on the financial impact of Measure 75 found local governments could see between \$37 million and \$67 million more, thanks to the cut they get off the top of gambling revenues. Schools would see between \$40 million to \$74 million.

### **What impact on the lottery?**

Some of the casino money for schools may only be a shift.

The financial impact statement for Measure 75 says the state budget could take a hit. The casino might add only \$1.8 million to the budget but could cost as much as \$26 million a year.

The reason? The analysis found that the casino would cut Oregon Lottery sales by about 14 percent a year. That would mean a \$72 million to \$79 million decline in lottery money that now pays for schools, prisons, parks and other programs.

Lottery officials say 22 percent of the lottery's video gambling money comes from bars and taverns within a 10-mile radius of the casino.

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Lottery interim director [Larry Niswender](#) said his agency would have to spend \$120 million in the next two years -- much more than planned -- to upgrade machines and compete with a private casino.

"We would be in a tight position, increasing our costs when you have declining sales," Niswender said. "Ultimately it might translate to even less money for state programs."

Rossman and Studer say their casino would have little lasting effect on the lottery.

For one thing, they say the Wood Village casino would actually encourage more spending on gambling, which increases the market for everyone. Rossman and Studer point to studies that show lotteries have continued to grow in states where casinos move in.

Still, in records filed with the state, Rossman and Studer said the lottery could lose \$30 million a year to the casino. They acknowledge that Oregon's system is different, relying far more than other states on slot machine-style gambling that would compete directly with casino games.

But Rossman said that video lottery gamblers, who play in restaurant and bars, are not necessarily the same people who would be attracted to a casino.

"Going to a casino is going to be much different than going to a lottery retailer," Rossman said. "It's two totally different experiences."

[--Brent Walth](#)

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