

February 8, 2011

LINCOLN – Twin River opened a new campaign to win full casino operations Tuesday night with a state-of-business address by the chairman of its

Board of Directors, John E. Taylor, during the Northern Rhode Island Chamber of Commerce's annual dinner at the redeveloped former greyhound park facility.

Taylor gave his pitch for a statewide referendum on Twin River's expansion to full casino gaming after Gov. Lincoln Chafee spoke briefly to the gathering and said he was "looking forward" to working with Taylor in the future "to make sure this facility stays viable."

The event also drew Northern Rhode Island political leaders such as Lincoln Town Administrator Joseph Almond, who appeared as this year's recipient of the Chamber's Barbara Burlingame Award for public service, Cumberland Mayor Dan McKee and Woonsocket City Council President John F. Ward, and a full room of business leaders and Chamber members.

After taking the podium as the evening's dinner was finishing, Taylor wasted no time in getting to the topic that had drawn many to hear him: the impact of Twin River's operations on the state and local economy.

He acknowledged that there has been discussion on Twin River's property tax impact in Lincoln during the past week and offered that "we are absolutely committed to working with Town leaders on this issue."

Taylor said it had not been Twin River's intent to "burden the town in anyway, so we look forward to continued dialogue with the local administration to seek resolution on this matter."

He also did not shy away from Twin River's past brush with bankruptcy, an 18-month-long restructuring of its finances that Twin River put behind in at the end of last year.

"Our bankruptcy was a problem of a dying business, it was one of a perfect storm, where investments made in a strong economy couldn't be supported when the worst the economic cycle since the Great Depression hit," Taylor said. "With the help of may, we were able to successfully navigate through this very difficult time, pay most of what we owed our creditors, and emerge as a stronger entity, with a continued significant and growing impact to our region and State," he said. "With our bankruptcy behind us, we are excited about our future," Taylor told the gathering.

The future for Twin River could be a bright one if a projection for growth in the Northeast's gaming industry issued by Moody's Investment Services for the industry holds true and Twin River is ready to take advantage of that growth, according to Taylor.

The challenge for the Lincoln-based Twin River, is proposals for new full-fledged casino operations still under review in Massachusetts.

"Everyone in the industry recognizes that the competition for players is becoming fierce," Taylor said.

The potential for new competition could have a major impact on Twin River, which has continued to realize a modest amount of growth in gaming revenues in the current market, he noted.

As a "convenience casino," Twin River counts on its "easy to get to" location and its service to customers as a way to keep them returning to Lincoln.

"At the end of the day, paying close attention to our customers will serve to preserve and grow this business," he said. "We know and understand that," Taylor said.

Twin River hawks casino plan - Woonsocket Call

Written by Administrator

Tuesday, 08 February 2011 22:32 -

Twin River has also worked to improve its bond rating status to B plus from the S&P rating service, and to a B2 from Mood's since emerging from bankruptcy protection.

The agency's view of Twin River's ability to repay its debt has its financing now trading at "slightly above 100 percent of its value," he said.

The ratings show the strength of Twin River in "challenging economic climate," he said, and also signals their confidence in the "viability of Twin River going forward."

The problem Twin River will face in the near future is how to remain an economic engine for the state as its regional competition grows, according to Taylor.

Twin River expects to provide the state with \$270 million in gaming taxes in its current fiscal year and another \$5.5 million in revenues to the Town of Lincoln, he said. In total, from all sources of its taxes and fees, Twin River, will generate a total of \$290 million in revenue for the state overall, he said.

While aware of its general impact on the economy, Twin River also wanted to understand its indirect impact and to that end had a study completed by Innovation Group that Taylor said he would present for the first time Tuesday evening.

The study looked at economic benefits resulting from operations output, jobs, earnings and taxes, he said. It also considers a "rippling effect" of Twin River's operations on the local economy through other jobs and services it spurs.

"Twin River's annual economic benefit to State of Rhode Island is \$165 million," Taylor said of the assessment's findings.

"Statewide, an estimated 1,700 jobs, both direct and indirect, are created by ongoing operations here for an estimated labor income – including salaries, payroll taxes, and benefits, of close to \$80 million," he said. The impact in both revenue and jobs is on an annual basis, he said, and also in addition to the \$290 million Twin River contributes to the state and Lincoln in fees and gaming taxes.

The projection supports Twin River's argument for an expansion of gaming at the Lincoln facility, according to Taylor, and also shows what is at risk if nearby competitors due surface in the months ahead.

"As part of our work in Innovation Group, we looked at the economic impact that our facility would have on the State of Rhode Island if we had table games," Taylor said. "I think you would be surprised at just how significantly our impact increases if we were able to offer table games here," he said.

Under a two-phase expansion, Twin River wants to add approximately 65 gaming tables initially and then another 60, according to Taylor.

The first phase is expected to increase Twin River's economic benefit to \$227 million annually and add new 653 jobs while boosting its total number of jobs to 2,300. That would represent a total of \$114 million in annual labor income for the state, he said.

The second phase would add another 500 jobs and their related impact to the regional economy, he said.

To realize that potential, however, Twin River will have to compete with potentially expanded number of full-service casinos in the region which could also benefit from reduced gaming taxes, a proposed 25 percent tax in Massachusetts, and an 18 percent tax in Connecticut. Twin River, under its current gambling agreements with the state, "pays 62 cents of every revenue dollar to the State of Rhode Island," he said.

The creation of "full-destination" casinos in nearby Massachusetts remains the biggest threat to Twin River's revenue structure, according to Taylor. Were three Massachusetts casinos to be

Twin River hawks casino plan - Woonsocket Call

Written by Administrator

Tuesday, 08 February 2011 22:32 -

established as is currently proposed, Taylor said Twin River could expect to see its revenue drop by 27 percent in the first year of their operation.

The loss could be as high as 35 percent depending on the type of gambling operation Massachusetts chooses to allow, according to Taylor.

Twin River's lost business would translate to a \$100 million annual decline in state game revenues a potentially even bigger impact based on the overall economic benefit the Lincoln facility brings the state, he suggested.

The key to Twin River's continued viability as a state revenue generator will be the expansion to full-casino gaming, Taylor said as he concluded his remarks.

"Perhaps the single most important thing that we could do to ensure the long term future viability of Twin River is to expand our product offering to include table games," he said. That step would increase Twin River's contributions to the state's economy by \$60 million immediately and also help create 650 new jobs without any type of government stimulus funding or subsidy, he said.

Moving forward on a state referendum to allow such an expansion would give Twin River a "head start" in meeting the challenge of any new competition, Taylor argued.

"If our customers are lured to Massachusetts by the excitement of full blown destination casinos, we may never be able to get them back," he said.

[Powered By WizardRSS](#)

Source: http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNFj7f8x2T0yn_O0uTdizfa5zB13w&url=http://www.woonsocketcall.com/node/1770