

New York's Bet on New Casinos Has Yet to Hit Jackpot

Written by Administrator

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Likewise, the Rivers Casino and Resort in downtown Schenectady, next to the Mohawk River, has also underperformed. Its first-year projections ran between \$181.5 million and \$222.2 million; since opening on Feb. 8, an event [attended by Mr. Cuomo](#), the casino [has grossed](#) \$81.8 million — a pace that represents just 77 percent of even its lowball estimate.

A third new casino, Tioga Downs, which in December was converted from one of the state's racinos, is also running short of its projections.

Photo



The Seneca Nation, which operates this casino in Buffalo and two others in New York, is fighting with the state over payments that the tribe no longer believes it has to make.

Credit

Nathaniel Brooks for The New York Times

Lee Park, a spokesman for the Gaming Commission, said it was “much too early to make any judgment on gaming performance,” noting that some of the new casinos’ amenities, like hotels, are still under construction or only recently opened. “It is entirely premature to give credence to any analysis of how well the casinos are operating,” he said.

Casino experts are not so sure. Colin A. Mansfield, a director and gaming analyst with Fitch Ratings, said that early numbers coming from the Rivers and Del Lago were “not overly impressive.”

“Usually when a new, original property opens the first couple of months are usually the strongest,” Mr. Mansfield said.

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New threats already loom, including new casinos due in Massachusetts and Connecticut and a [\\$1.2 billion resort in the Catskills](#), scheduled to open early next year.

Del Lago officials declined to comment on its revenue, while officials at the Rivers said they were satisfied with the casino's financial performance thus far.

[Jeffrey Gural](#), a Manhattan real estate mogul and the owner of Tioga Downs, near Binghamton, N.Y., conceded that his estimates of income had been optimistic, saying that the gambling market is oversaturated; Tioga Downs must also compete against casinos in nearby Pennsylvania. But he argued that the casino expansion had created jobs, as Mr. Cuomo had promised.

"There's no question that the goal of economic development has been achieved," he said. "What hasn't been achieved is as much tax revenue as we had hoped."

Photo



Despite a festive grand opening on Feb. 8, Rivers Casino in Schenectady has taken in about 25 percent less in gross gaming revenue than its projections.

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David Klepper/Associated Press

Under the license agreements, the new casinos pay a hefty gaming tax, ranging from 37 to 45 percent on slots and 10 percent of table game revenue; those funds are then divvied up for education and host cities and counties and nearby counties.

But there are also signs that some of the winnings at the three new casinos are coming at the

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expense of the racinos, which also help fund education. In places like Saratoga Springs, the Saratoga Casino Hotel has seen a precipitous drop in its net winnings since the opening of the Rivers casino, some 30 miles to the south.

Last August, the racino brought in about \$16 million during the month, typically its biggest of the year with thoroughbred racing on at the nearby [Saratoga Race Course](#) . This August, however, its net winnings were down by nearly 25 percent, and that means less money for education: All told, the casino is on pace to contribute nearly \$14 million less than it did during the 2016-17 fiscal year. Other racinos have also seen declines since the new casinos opened.

[James D. Featherstonhaugh](#) , an Albany lobbyist and part owner of the Saratoga racino, said he expected even more declines as the Rivers and other new casinos build out their player databases and facilities.

"It's clear that we've reached the stress point, especially in upstate New York," he said, adding "the number of good quality jobs and first-rate facilities, we're at the end of that." Still, like Mr. Gural, Mr. Featherstonhaugh said the state's gaming industry had created "a pantload of jobs" over the years, and he expected that his business would eventually stabilize despite the Rivers. "I think both institutions will survive just fine," he said.

That may not be the case for another racino, however; in June, during an extended legislative session, Mr. Cuomo agreed to \$2 million in tax relief to keep afloat [Vernon Downs](#) outside Utica, something he said would save 300 jobs in "a part of the state where we can't afford to lose 300 jobs." (In pitching the casino idea in 2013, Mr. Cuomo had said that no state money would be spent to create the casinos, but called the Vernon Downs deal

["a stabilization package."](#)

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And while he appreciated the help, Mr. Gural, who also is the majority owner of Vernon Downs and a financial donor to the governor, said he was still only breaking even at Vernon, as competition was fierce, especially as another tribal group — the Oneida Nation — has ramped up its gambling operations in Central New York.

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