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The Rivers Casino at 10

By Colin McNickle

Ten years ago last month the heavily touted Rivers Casino opened on Pittsburgh's North Shore. But a decade later, its original revenue projections have yet to materialize – even with expanded gambling -- and the value of the jobs it has created remains a question mark, concludes an analysis by the Allegheny Institute for Public Policy.

And whether the casino has been a “success” remains debatable.

“The casino has met its civic obligations which, at the onset, was in doubt,” say Frank Gamrat, executive director of the Pittsburgh think tank, and Hannah Bowser, a research assistant there.

That would include providing an annual \$7.5 million payment to retire the debt on PPG Paints Arena, the current name of the Pittsburgh Penguins' home ice. It also includes paying millions of dollars to government in both state- and local-share taxes.

“But it has not done much to aid the Pittsburgh region's economy, at least in terms of jobs,” the researchers note (in *Policy Brief Vol. 19, No. 34*).

State legislators authorized slot-machine gambling at horse racing tracks and at a few stand-alone casinos in 2004. After several ownership, location and name iterations, the Rivers Casino opened in August 2009. But revenue projections proved to be grossly overestimated.

Ownership projected first-year annual revenue would be \$427.8 million at the then-slots-only facility. The state Gaming Board estimated it would be \$362 million.

But the Rivers Casino's first-year, August-to-August revenue was only \$222.3 million. And for the full 2010 calendar year, its gross terminal revenues were \$242 million.

Even a decade after opening, slots revenue, while improving, never met the projections of the casino's owner or the state. The \$284.3 million generated in 2013 represented the zenith of revenue to date while 2016's \$265 million represented the nadir.

Not even the addition of table games in 2010 could bolster revenue to initially predicted levels.

“(T)he highest revenue year was in 2018 when gamblers played (a combined) \$357.4 million – slightly less than the Gaming Board's prediction of \$362 million but well short of casino management's estimate,” Gamrat and Bowser say.

Indeed, the Rivers Casino created jobs “but it is not clear these are net new jobs added to the economy,” stress the think tank researchers. By their very nature, most of these jobs are low paying.

“If the Rivers Casino was going to boost area job growth, it would certainly have occurred in the first seven years of operation,” they say, citing anemic private-sector job-growth numbers overall.

“In sum, there is little evidence to indicate the casinos (*et. al*) had a significant impact on job growth in the metro area,” Gamrat and Bowser say.

Then there's the “substitution effect”: For every dollar spent by area residents on gambling at the casino there's a dollar not spent on other goods and services, be they necessities or luxuries, at local businesses.

Additionally, casinos have not been much of a draw for gamblers from out of state, given neighboring Ohio and Maryland legalized gambling not long after Pennsylvania. West Virginia, where gambling already was legal, added table games to keep pace.

“In fact,” Gamrat and Bowser note, “the gaming arms race has been in full force as the next level of gaming – legalized sports betting – has been available in Pennsylvania since late 2018.

“The other states are likely to follow suit,” they say.

The only thing certain is that gaming “is now a part of the fabric of Pennsylvania's economy and the Rivers Casino is part of the Pittsburgh landscape,” Gamrat and Bowser conclude. “The economic impact of gaming on the Pittsburgh area, and the state, will be debated and we will continue to monitor it.”

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