

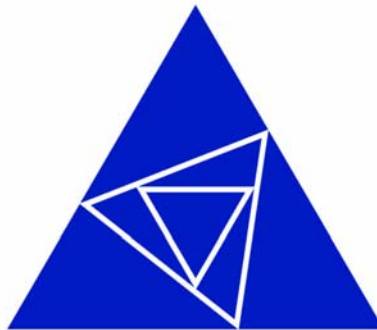
NARRANGANSETT INDIAN CASINO:

**THE FISCAL & ECONOMIC IMPACT OF
CONSTITUTIONALLY MANDATED PROPERTY TAX
RELIEF IN RHODE ISLAND**

Prepared for

RHODE ISLAND BUILDING TRADES

By



CENTER FOR POLICY ANALYSIS
UNIVERSITY OF MASSACHUSETTS
DARTMOUTH

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**UNIVERSITY OF MASSACHUSETTS DARTMOUTH
CENTER FOR POLICY ANALYSIS**

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NARRAGANSETT INDIAN CASINO

THE FISCAL & ECONOMIC IMPACT OF CONSTITUTIONALLY MANDATED PROPERTY TAX RELIEF IN RHODE ISLAND

MAJOR FINDINGS

Project:

\$1 billion resort casino

Total Revenue:

\$620.3 million

Gross Gaming Revenue:

\$543.7 million

Wagering Tax Revenue Available for Property Tax Relief:

Year 5 = \$140.8 million

Years 1 through 5 = \$526.9 million

General Revenue Sharing

+217.7% for every town and city (Year 5)

\$418 average annual tax relief per homeowner/renter

Property Tax Relief Credit

Year 5 = \$318 per Taxpayer

Years 1 – 5 = \$1,189 per Taxpayer

Economic Impacts of Property Tax Relief

Year 5 = 824 Additional Jobs

Year 5 = \$30.3 Additional Payroll

Years 1 – 5 = \$113.4 million Additional Payroll

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1.00 PURPOSE OF THE STUDY

In June of 2004, the Rhode Island General Assembly passed legislation (S. 2338) by a two-thirds majority in each chamber of the assembly that authorized the establishment of a Narragansett Indian Casino in West Warwick, Rhode Island. However, the Rhode Island Supreme Court issued an opinion that defines casinos as a “lottery” and, consequently, it advised that a privately owned casino could not be established in Rhode Island without an amendment to the state constitution. The Rhode Island General Assembly proposed such an amendment in a joint resolution (2006 – H.7935) authorizing “the establishment of a resort casino and games” in the Town of West Warwick. The proposed amendment will appear on the state’s November 7, 2006 general election ballot as Question 1. Question 1 asks voters to approve or reject whether “A new Section 23 shall be added to and included in Article VI of the Constitution to read as follows:

Section 23. Resort Casino - - Notwithstanding sections 15 and 22 of this Article, and provided that a majority of the electors of the Town of West Warwick have voted to approve this amendment, the establishment of a resort casino and games located therein is authorized in the Town of West Warwick. The resort casino shall be privately owned and privately operated by a business entity established pursuant to Rhode Island law by the Narragansett Indian Tribe and its chosen partner, which entity shall be: (i) legally distinct and separate from the Narragansett Indian Tribe, (ii) subject to the laws of the state of Rhode Island, including regulation and taxation, and (iii) required in its organizing documents to expressly waive any sovereign immunity relating to any and all matters of the resort casino, including compliance with and enforcement of the laws of the state of Rhode Island, and the regulation and taxation thereof. The per annum tax rate shall be established by the general assembly with all of such tax proceeds to be dedicated to property-tax relief, as prescribed by statute.”

The Center for Policy Analysis at the University of Massachusetts Dartmouth has previously conducted several studies to determine the market feasibility of a Narragansett Indian Casino (NIC) (2004a, 2004d)) and to estimate the economic and fiscal impacts of the proposed casino (2004c), including its potential impact on the state’s share of the VLT revenues generated by the state’s two racinos at Lincoln Park and Newport Grand. However, the proposed constitutional amendment mandates that *all* proceeds from a wagering tax on the NIC’s net gaming income be dedicated to providing property tax relief for Rhode Island’s citizens.

According to figures compiled by the Tax Foundation (2006) in Washington, D.C.,¹ Rhode Island has the 8th highest state and local tax burden in the United States with

¹ The Tax Foundation, which is based in Washington, D.C., is a nonpartisan educational organization established in 1937 to educate taxpayers about tax policy and the size of the tax burden borne by Americans at all levels of government (see, <http://www.taxfoundation.org/about/>).

residents paying 11.5% of total personal income in state and local taxes. This figure compares to a national average state and local tax burden of 10.6% of personal income. The Tax Foundation's historical comparisons also reveal that Rhode Island's state and local tax burden has steadily increased since 1970, when it ranked 31st in total state and local tax burden and when only 9.5% of the state's personal income was collected as state and local taxes.

Moreover, when one compares Rhode Island's property tax burden to the other 50 states, it ranks 5th highest in the nation in terms of the dollar amount of property taxes collected per capita (Tax Foundation 2006b). A similar analysis by the Rhode Island Public Expenditure Council (RIPEC) (2006, 1) concludes "that Rhode Island's property taxes are not affordable for many working Rhode Island families" (2006, 1) Indeed, a recent poll commissioned by RIPEC (2006, 2) asked Rhode Island residents "which tax (property, income or sales) would you want to see permanently reduced?," and the poll found that 58% of respondents preferred a permanent reduction in property taxes over other forms of tax relief. Moreover, RIPEC reports that this result was "consistent among demographic sub-groups of voters" regardless of income, age, party preference, or ideology, which led the Council to observe that "property tax relief is a key concern among Rhode Island citizens."

The purpose of this study is to estimate the potential fiscal and economic impact of the constitutionally mandated property tax relief accruing to Rhode Island citizens if "Question 1" is approved by voters in the November general election. Consequently, for purposes of the analysis, it is assumed that the proposed constitutional amendment will be approved on November 7, 2006 and that the General Assembly will, as required, pass a gaming control act, a wagering tax on net casino gaming income, and provide for property tax relief by June 30, 2007.² It is further assumed that a resort casino will begin operations on July 1, 2009 (Fiscal Year 2010), which is a time frame consistent with the opening of new casinos in other states that have adopted commercial casino legislation. It is also consistent with the construction schedule proposed by Harrah's and the Narragansett Indian Tribe in 2004.

The report also builds on a previous report entitled, *Fiscal Analysis of a West Warwick Resort Casino* (May 2006), that was prepared for the Rhode Island House Finance Committee for the purpose of updating estimates of Video Lottery Terminal (VLT) revenue "slippage" potentially attributable to a new casino.

² The fiscal impact analysis assumes that the General Assembly will adopt a graduated wagering tax on net gaming income no lower than the one passed in June of 2004 (see, Barrow 2006a).

2.00 NARRANGANSETT INDIAN CASINO

2.10 DESCRIPTION OF THE RESORT CASINO

The fiscal impact analysis makes certain assumptions about the location and physical capacity of a Narragansett Indian Casino. The proposed casino will be located in the West Warwick Industrial Park directly adjacent to Interstate 95 with \$45 to \$50 million of the project's \$1 billion total cost set aside for an I-95 interchange that will facilitate direct and easy access to the casino. Table 1 below provides a description of the casino currently proposed (2006):

Table 1

NARRANGANSETT INDIAN CASINO: Description of Proposed Facility, 2006	
Item	2006
Casino Space	140,000 sq. ft.
VIP Lounge	Yes
Hotel	500 rooms
Slot Machines	3,500
Table Games	100
Poker Tables	50
Ballroom/Meeting space	55,000 sq. ft.
Full Service Spa & Pool	Yes
Parking Garage	4,000 vehicles
Surface Parking	1,900 vehicles
Food & Beverage Outlets ³	8
Retail space	Yes
Total Capital Investment	\$1 billion
Source: Harrah's Entertainment, Inc. (2006).	

The resort casino proposed for West Warwick would be roughly half the size of Mohegan Sun Casino in Uncasville, Connecticut in terms of total casino space, number of slot positions, and number of hotel rooms.⁴ It would be roughly comparable in size to Caesars in Atlantic City.⁵

³ The 2006 proposal includes a 700-seat buffet, a 200-seat 24-hour restaurant, several themed restaurants, a 1,500-seat theater/bar, a coffee house, and several 1,000 square foot retail spaces.

⁴ Atlantic City casinos have an average of 105,363 square feet of casino space, an average of 3,467 slot machines, and an average of 119 table games. The smallest casino is the Sands with 57,154 square feet of casino space, while Bally's Atlantic City is the largest with 179,108 square feet of casino space (New Jersey Casino Control Commission 2004, 22-23).

⁵ Caesar's Atlantic City has 118,424 square feet of casino space, 3,226 slot machines, 119 table games, 1,140 hotel rooms, 2,898 parking spaces, 4,220 employees, and \$496 million in FY 2004 gross gaming revenues (New Jersey Casino Control Commission 2004, 22-23).

It is estimated that the casino will generate \$543.7 million in gross gaming revenues and \$622.4 million in total revenues after ramp-up in the third year of operations.

2.20 FISCAL IMPACTS⁶

The state fiscal impacts of operating a resort casino in West Warwick would consist of a gaming tax on adjusted gross receipts, a license fee, personal income tax payments by casino employees, and indirect tax payments by the casino’s non-gaming operations (e.g., room occupancy and retail sales tax) minus the substitution effects on current revenue from video lottery terminals. Estimates for gross gaming revenues and non-gaming revenues are based on an update of the CFPA’s *Market Analysis for a West Warwick Resort Casino* (2004) that takes into account the additional gaming space and gaming positions currently proposed for the West Warwick Resort Casino.

Table 2

Estimated Wagering, Sales, and Hotel Tax Revenues, FY 2010 to FY 2015 (Millions - 2006 dollars)						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	7/1/2009	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
	to	to	to	to	to	to
Casino Revenues	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Gross Gaming Revenue	\$435.0	\$489.4	\$543.7	\$560.0	\$576.8	\$594.1
Hotel Room Revenue	\$12.6	\$14.7	\$16.8	\$17.3	\$17.8	\$18.4
Retail Sales, Food, & Beverage	\$47.9	\$53.8	\$59.8	\$61.6	\$63.4	\$65.4
Total	\$495.5	\$557.9	\$620.3	\$638.9	\$618.2	\$618.2
State Tax Revenues	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Tax on GGR (graduated from 25%)	\$109.5	\$124.1	\$139.7	\$144.4	\$149.3	\$154.3
Hotel Tax (5%)	\$0.6	\$0.7	\$0.8	\$0.9	\$0.9	\$1.0
Sales Tax (7%)	\$3.3	\$3.8	\$4.2	\$4.3	\$4.4	\$4.2
Employee Income Taxes	\$2.8	\$3.1	\$3.3	\$3.3	\$3.3	\$3.3
Total	\$116.3	\$131.7	\$148.0	\$152.9	\$157.9	\$162.8

Source: Center for Policy Analysis (2006). Year 3 casino reaches full capacity in gaming & non-gaming operations.

⁶ A lengthier explanation of the assumptions and calculations that support these findings is found in *Fiscal Impacts of a West Warwick Resort Casino* (North Dartmouth, MA: Center for Policy Analysis, 2006), prepared for the Rhode Island House Finance Committee, and *Market Analysis for a West Warwick Resort Casino* (North Dartmouth, MA: Center for Policy Analysis, 2004) and *Economic & Fiscal Impacts of a West Warwick Resort Casino* (North Dartmouth, MA: Center for Policy Analysis, 2004), which were prepared for the Rhode Island Senate. All estimates in this report are in 2006 dollars.

2.30 ESTIMATED IMPACT ON VIDEO LOTTERY REVENUE

The CFPA estimated in its May 2006 fiscal impact analysis that total Net Terminal Income at Lincoln Park and Newport Grand will continue to increase through FY 2009 and reach a peak of \$609 million in that year. In the first full year of a Narragansett Indian Casino’s operation (FY 2010), total NTI will fall to \$578.3 million and reach maximum slippage in FY 2011 at \$552.8 million (i.e., the year the casino reaches full capacity). VLT revenues are projected to bounce back in FY 2012 and reach or exceed their previous peak in FY 2015 (see Table 3).

Table 3

VLT Net Terminal Income, FY 1993 to FY 2010 (est.)								
Fiscal Year	Lincoln NTI			Newport NTI			Total NTI	State Share
	Lincoln NTI	per VLT per Day	Lincoln No. VLTs	Newport NTI	per VLT per Day	Newport No. VLTs		
1994	20,990,906	74	774	6,584,622	42	426	27,575,528	13,139,444
1995	46,272,585	164	774	10,754,607	69	426	57,027,192	24,745,797
1996	71,492,829	184	1,059	15,135,206	97	426	86,628,035	42,759,035
1997	91,858,865	209	1,202	20,489,108	132	426	112,347,973	54,903,811
1998	107,015,206	244	1,202	25,149,492	162	426	132,164,698	64,304,735
1999	126,496,022	288	1,202	28,845,451	186	426	155,341,473	75,187,529
2000	157,917,113	300	1,439	36,799,846	190	530	194,716,959	93,786,603
2001	182,063,374	293	1,702	47,014,919	167	770	229,078,293	121,641,380
2002	221,325,049	356	1,702	59,712,256	211	776	281,037,305	148,921,285
2003	248,643,793	367	1,870	66,058,050	231	784	314,701,843	169,293,139
2004	283,316,688	330	2,348	75,553,114	203	1,016	358,869,802	213,057,018
2005	319,778,456	334	2,621	79,408,210	213	1,021	399,186,666	239,413,281
2006 est.	347,355,978	312	3,345	78,110,000	200	1,070	425,465,978	254,887,233
2007 est.	391,572,000	298	3,600	75,376,150	193	1,070	466,948,150	279,282,907
2008 est.	405,697,500	285	3,900	142,636,890	186	2,101	548,334,390	330,341,648
2009 est.	471,778,560	272	4,752	137,268,835	179	2,101	609,047,395	365,986,839
2010 est.	450,964,800	260	4,752	127,299,590	166	2,101	578,264,390	347,355,436
2011 est.	430,151,040	248	4,752	122,698,400	160	2,101	552,849,440	332,132,749
2012 est.	438,823,440	253	4,752	126,379,352	165	2,101	565,202,792	339,595,542
2013 est.	447,495,840	258	4,752	130,170,733	170	2,101	577,666,573	347,128,457
2014 est.	460,920,715	266	4,752	134,075,855	175	2,101	594,996,570	357,542,310
2015 est.	474,748,337	274	4,752	138,098,130	180	2,101	612,846,467	368,268,580
2016 est.	488,990,787	282	4,752	142,241,074	185	2,101	631,231,861	379,316,637

The maximum slippage in total VLT revenues is estimated to be 9.2%, or \$56.2 million, with a maximum slippage of 8.8% at Lincoln Park and 13.9% at Newport Grand (FY 2009 to FY 2011).

The state’s share of VLT revenues will fall by 9.2% from FY 2009 to FY 2011 or by \$33.8 million. The state’s share of VLT revenues is projected to begin recovering in FY 2012, and is projected to exceed its earlier peak in FY 2015 (see Table 3).

2.40 NET FISCAL IMPACT

Table 4 estimates the net fiscal impact of a Narragansett Indian Casino resort casino. After accounting for the impact on VLT revenues, the state’s total gaming revenues will increase by approximately \$90.8 million in FY 2010 (Year 1) and by \$90.2

in FY 2011 (Year 2) compared to the last year before a casino was operating in Rhode Island. Total gaming revenues are projected to increase by approximately 3% annually in the following years (see Table 4).

Table 4

Net Fiscal Impact, FY 2010 thru FY 2015							
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	7/1/2008 to 6/30/2009	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2011 to 6/30/2012	7/1/2012 to 6/30/2013	7/1/2013 to 6/30/2014	7/1/2014 to 6/30/2015
Gaming Revenue							
Narragansett	-	\$435.0	\$489.4	\$543.7	\$560.0	\$576.8	\$594.1
Lincoln Park	\$471.8	\$451.0	\$430.2	\$438.8	\$447.5	\$460.9	\$474.7
Newport Grand	\$137.3	\$127.3	\$122.7	\$126.4	\$130.2	\$134.1	\$138.1
Total	\$609.1	\$1,013.3	\$1,042.3	\$1,108.9	\$1,137.7	\$1,171.8	\$1,206.9
State Revenue	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
West Warwick	-	\$109.5	\$124.1	\$139.7	\$144.4	\$149.3	\$154.3
Lincoln Park	\$278.8	\$266.5	\$254.2	\$259.3	\$264.5	\$272.4	\$280.6
Newport Grand	\$87.2	\$80.8	\$77.9	\$80.2	\$82.7	\$85.1	\$87.7
Total	\$366.0	\$456.8	\$456.2	\$479.2	\$491.6	\$506.8	\$522.6

Source: Center for Policy Analysis (2006).

It is estimated that a wagering tax on the net gaming income of a Narragansett Indian Casino is \$139.7 million in Year 3 of the casino’s operation, \$144.4 million in Year 4, and \$154.3 million in Year 5. However, the gross amounts collected must be adjusted to account for “slippage” in VLT revenues and to account for payments to Lincoln Park and Newport Grand that the state has assumed a unique and unprecedented obligation to compensate those facilities for two years if NTI declines following the opening of a resort destination casino. After these adjustments, there will be \$78.9 million available in Year 1 for property tax relief and \$140.8 million in Year 5 of the casino’s operation (see Table 5).⁷

Table 5

Net Gaming Revenues Available for Property Tax Relief						
Year of Casino Operation	Fiscal Year	State Share of VLT NTI	Net Change in VLT Revenues	Payments Due to LP/NG (est.)	Wagering Tax	Wagering Tax Available for Property Tax Relief
	2009	\$ 365,986,839				
1	2010	\$ 347,355,436	\$ (18,631,403)	\$ 12,005,366	\$ 109,500,000	\$ 78,863,231
2	2011	\$ 332,132,749	\$ (33,854,090)	\$ 21,914,860	\$ 124,100,000	\$ 68,331,050
3	2012	\$ 339,595,542	\$ (26,391,297)	\$ -	\$ 139,700,000	\$ 113,308,703
4	2013	\$ 347,128,457	\$ (18,858,382)	\$ -	\$ 144,400,000	\$ 125,541,618
5	2014	\$ 357,542,310	\$ (8,444,529)	\$ -	\$ 149,300,000	\$ 140,855,471
6	2014	\$ 368,268,580	\$ 2,281,741	\$ -	\$ 154,300,000	\$ 154,300,000

Note: 2006 dollars.

⁷ In Rhode Island’s June 2004 casino legislation, the state would collect an additional \$100 million licensing fee with \$33.4 million due in the first year of the casino’s operation. These revenues could be set aside by the legislature to cover nearly all of the slippage payments due to Lincoln Park and Newport Grand, which would free up additional wagering revenues for property tax relief in the first two years of operation.

3.00 SCENARIOS FOR PROPERTY TAX RELIEF

The state constitutional amendment authorizing a Narragansett Indian Casino requires the General Assembly to provide property tax relief property tax “as prescribed by statute.” If approved by voters, the constitutional mandate makes it a question of how property tax relief will be implemented, rather than one of whether it will be implemented by the General Assembly. There are essentially two existing mechanisms for providing property tax relief, although each of these mechanisms could be adjusted in a variety of ways to maximize tax relief to a majority of the state’s citizens. One mechanism is to earmark the tax collected on the casino’s net gaming revenues for distribution to the state’s 39 towns and cities. These revenues could be used to increase general revenue sharing with the state’s town and cities using the current distribution formula or a different state aid fund could be established using a different formula. The additional funds would be distributed to each municipality with a binding mandate that they be used for local property tax relief, although the mechanisms for implementing property tax relief could be decided by each municipality.

A second policy instrument available to the General Assembly is to expand the state’s existing Property Tax Relief Credit. The Property Tax Relief Credit currently provides benefits only to Rhode Island residents whose total annual income does not exceed \$30,000. The property tax relief credit can be claimed as a refund against the claimant’s state personal income tax or paid directly to the individual if no tax return is required to be filed by the individual. The amount of the credit is based on 20% of the property tax paid or rent paid in the tax year, while the refund is calculated based on the amount by which the property taxes or rent exceed a percentage of the filer’s annual household income. The maximum refund is \$300.⁸

3.10 CENSUS DATA

For purposes of calculating different scenarios for property tax relief, the Center for Policy Analysis relied partially on U.S. Census data for Rhode Island, including population, number of owner and renter occupied households, the number of housing units, and median household income. This data is summarized in Table 6. The State of Rhode Island has a total population 1,048,319. Providence is the largest city with a population of 173,618, while New Shoreham is the smallest town with a population of 1,010. There are 408,424 households in Rhode Island with 60% of these households occupying owner-occupied dwellings and 40% occupying rental dwellings.

⁸ The Rhode Island Property Tax Relief Credit currently pays out \$8.76 million per year to nearly 38,000 Rhode Island households for an average payment of about \$231 per household (Downing 2006).

Table 6

U.S. Census: Rhode Island								
	2000		Owner	Renter	% Owner	% Renter	Total	Median
	Population	Households	Occupied	Occupied	Occupied	Occupied	Housing	Household
			Households	Households	Households	Households	Units	Income (1999)
Barrington	16,819	6,011	5,311	700	88.4%	11.6%	6,199	\$ 74,591
Bristol	22,469	8,314	5,490	2,824	66.0%	34.0%	8,705	\$ 43,689
Burrillville	15,796	5,559	4,271	1,288	76.8%	23.2%	5,821	\$ 52,587
Central Falls	18,928	6,696	1,460	5,236	21.8%	78.2%	7,270	\$ 22,628
Charlestown	7,859	3,178	2,663	515	83.8%	16.2%	4,749	\$ 51,491
Coventry	33,638	12,596	10,240	2,356	81.3%	18.7%	13,059	\$ 51,987
Cranston	79,269	30,954	20,703	10,251	66.9%	33.1%	32,068	\$ 44,108
Cumberland	31,840	12,198	9,360	2,838	76.7%	23.3%	12,572	\$ 54,656
East Greenwich	12,948	4,960	3,739	1,221	75.4%	24.6%	5,226	\$ 70,063
East Providence	48,688	20,530	12,096	8,434	58.9%	41.1%	21,309	\$ 39,108
Exeter	6,045	2,085	1,769	316	84.8%	15.2%	2,196	\$ 64,452
Foster	4,274	1,535	1,352	183	88.1%	11.9%	1,578	\$ 59,673
Glocester	9,948	3,559	3,078	481	86.5%	13.5%	3,786	\$ 57,537
Hopkinton	7,836	2,965	2,386	579	80.5%	19.5%	3,112	\$ 52,181
Jamestown	5,622	2,359	1,863	496	79.0%	21.0%	2,769	\$ 63,073
Johnston	28,219	11,197	7,999	3,198	71.4%	28.6%	11,574	\$ 43,514
Lincoln	20,898	8,243	5,453	2,790	66.2%	33.8%	8,508	\$ 47,815
Little Compton	3,593	1,475	1,189	286	80.6%	19.4%	2,103	\$ 55,368
Middletown	17,334	6,993	3,944	3,049	56.4%	43.6%	7,603	\$ 51,075
Narragansett	16,361	6,846	4,237	2,609	61.9%	38.1%	9,159	\$ 50,363
New Shoreham	1,010	472	320	152	67.8%	32.2%	1,606	\$ 44,779
Newport	26,475	11,566	4,843	6,723	41.9%	58.1%	13,226	\$ 40,669
North Kingstown	26,326	10,154	7,555	2,599	74.4%	25.6%	10,743	\$ 60,027
North Providence	32,411	14,351	8,650	5,701	60.3%	39.7%	14,867	\$ 39,721
North Smithfield	10,618	3,954	3,131	823	79.2%	20.8%	4,070	\$ 58,602
Pawtucket	72,958	30,047	13,331	16,716	44.4%	55.6%	31,819	\$ 31,775
Portsmouth	17,149	6,758	4,995	1,763	73.9%	26.1%	7,386	\$ 58,835
Providence	173,618	62,389	21,588	40,801	34.6%	65.4%	67,915	\$ 26,867
Richmond	7,222	2,537	2,296	241	90.5%	9.5%	2,620	\$ 59,840
Scituate	10,324	3,780	3,259	521	86.2%	13.8%	3,904	\$ 60,788
Smithfield	20,589	7,194	5,639	1,555	78.4%	21.6%	7,396	\$ 55,621
South Kingstown	27,921	9,268	6,944	2,324	74.9%	25.1%	11,291	\$ 56,325
Tiverton	15,260	6,077	4,854	1,223	79.9%	20.1%	6,474	\$ 49,977
Warren	11,360	4,708	2,765	1,943	58.7%	41.3%	4,977	\$ 41,285
Warwick	85,808	35,517	25,805	9,712	72.7%	27.3%	37,085	\$ 46,483
West Greenwich	5,115	1,749	1,574	175	90.0%	10.0%	1,809	\$ 65,725
West Warwick	29,581	12,498	6,796	5,702	54.4%	45.6%	13,186	\$ 39,505
Westerly	22,966	9,402	5,994	3,408	63.8%	36.2%	11,292	\$ 44,613
Woonsocket	43,224	17,750	6,214	11,536	35.0%	65.0%	18,757	\$ 30,819
Total	1,048,319	408,424	245,156	163,268	60.0%	40.0%	439,789	

3.20 PROPERTY TAX RATES & ASSESSED VALUES

For purposes of calculating different scenarios for property tax relief, the Center for Policy Analysis also incorporated local data of residential property tax rates and total assessed values of residential property in each town. This data is summarized in Table 7 and Table 8.

Fiscal & Economic Impact of Constitutionally Mandated Property Tax Relief

Table 7. Fiscal Year 2007 Tax Rates							
	Residential			Business			Retail &
	Tax Rate	Notes	Commercial	Personal	Motor Vehicle	Wholesale	Inventory
				Property			
Barrington	\$ 13.25	2	\$ 13.25	\$ 13.25	\$ 42.00	\$ 4.44	
Bristol	\$ 10.53		\$ 10.53	\$ 10.53	\$ 17.35	\$ 3.48	
Burrillville	\$ 13.15		\$ 13.15	\$ 13.15	\$ 40.00	N/T	
Central Falls	\$ 13.76	*	\$ 36.77	\$ 54.15	\$ 48.65	\$ 9.73	
Charlestown	\$ 7.15		\$ 7.15	\$ 7.15	\$ 13.08	\$ 2.69	
Coventry	\$ 15.69		\$ 18.90	\$ 15.69	\$ 18.75	\$ 3.87	
Cranston	\$ 14.58	2	\$ 21.87	\$ 21.87	\$ 42.44	\$ 6.35	
Cumberland	\$ 11.07	1	\$ 11.07	\$ 22.13	\$ 19.87	\$ 6.02	
East Greenwich	\$ 12.86	2	\$ 12.86	\$ 12.86	\$ 22.88	\$ 4.47	
East Providence	\$ 16.76	1,*	\$ 21.33	\$ 49.17	\$ 37.10	\$ 7.73	
Exeter	\$ 11.41	3	\$ 11.41	\$ 15.55	\$ 32.59	\$ 8.58	
Foster	\$ 11.24	3	\$ 11.24	\$ 15.50	\$ 36.95	\$ 3.69	
Glocester	\$ 14.24		\$ 16.33	\$ 31.14	\$ 24.37	\$ 5.04	
Hopkinton	\$ 14.00	3	\$ 14.00	\$ 14.00	\$ 21.18	\$ 4.15	
Jamestown	\$ 9.49		\$ 9.49	\$ 9.49	\$ 14.42	\$ 3.03	
Johnston	\$ 17.84		\$ 17.84	\$ 49.10	\$ 41.46	\$ 6.93	
Lincoln	\$ 19.49	*	\$ 23.71	\$ 27.62	\$ 30.65	\$ 4.91	
Little Compton	\$ 5.01		\$ 5.01	\$ 10.02	\$ 13.90	N/T	
Middletown	\$ 10.60	3	\$ 14.10	see note 4	\$ 16.05	\$ 3.32	
Narragansett	\$ 6.74	3	\$ 10.11	\$ 10.11	\$ 16.46	\$ 3.37	
New Shoreham	\$ 4.29		\$ 4.29	4	10	N/T	
Newport	\$ 8.02	3	\$ 11.96	\$ 11.96	\$ 23.45	\$ 4.74	
North Kingstown	\$ 15.55		\$ 15.55	\$ 15.55	\$ 22.04	N/T	
North Providence	\$ 16.55	*	\$ 22.50	\$ 60.65	\$ 41.95	\$ 8.77	
North Smithfield	\$ 15.03		\$ 15.03	\$ 39.25	\$ 37.26	\$ 6.22	
Pawtucket	\$ 11.25	3	\$ 18.96	\$ 52.09	\$ 53.30	\$ 10.41	
Portsmouth	\$ 10.75		\$ 10.75	\$ 10.75	\$ 22.50	\$ 4.60	
Providence	\$ 30.23	*	\$ 37.72	\$ 50.46	\$ 76.78	\$ 15.34	
Richmond	\$ 13.54		\$ 13.54	\$ 13.54	\$ 22.64	\$ 4.55	
Scituate	\$ 24.57		\$ 24.57	\$ 36.79	\$ 30.20	N/T	
Smithfield	\$ 15.40		\$ 15.40	\$ 45.37	\$ 39.00	\$ 7.80	
South Kingstown	\$ 13.65		\$ 13.65	\$ 13.65	\$ 18.71	\$ 3.88	
Tiverton	\$ 9.62	3	\$ 9.62	\$ 9.62	\$ 19.14	\$ 3.86	
Warren	\$ 16.26		\$ 16.26	\$ 16.26	\$ 26.00	\$ 3.93	
Warwick	\$ 15.95		\$ 23.93	\$ 31.90	\$ 34.60	\$ 6.37	
West Greenwich	\$ 16.75	5,*	\$ 16.75	\$ 20.12	\$ 19.02	\$ 3.89	
West Warwick	\$ 18.63		see note 6	\$ 30.31	\$ 28.47	\$ 5.88	
Westerly	\$ 10.71		\$ 10.71	\$ 10.71	\$ 29.67	\$ 2.52	
Woonsocket	\$ 12.40	3,*	\$ 30.75	\$ 46.58	\$ 46.58	\$ 9.31	

Source: RI Department of Administration, Office of Municipal Affairs.

* Denotes Homestead Exemption Available

N/T = Not Taxed

1) Rates support fiscal year 2006.

2) Municipality had a revaluation effective 12/31/05.

3) Municipality had a statistical update effective 12/31/05.

4) Residential Personal Property taxed at \$10.60 per thousand while Commercial

6) Real property taxed at four different rates: \$18.63 (all state codes except as specified); \$25.56 (code 03); \$26.69 (codes

04, 05, 06, 07, 12, 24, 14, 98, 10, 15); \$21.15 (codes 40, 50, 30, 02)

5) Vacant land taxed at \$10.05 per thousand of assessed value

Table 8

ASSESSED PROPERTY VALUES BY TYPE OF PROPERTY						
Municipality	Residential		Commercial		Industrial	
	Parcels	Assessed Value	Parcels	Assessed Value	Parcels	Assessed Value
Barrington	6,072	1,934,403,700.00	492	\$ 74,885,300	2	\$ 495,000
Bristol	9,034	\$ 2,508,738,287	815	\$ 157,086,333	66	\$ 42,372,223
Burrillville	5,341	\$ 1,136,747,700	371	\$ 52,502,526	30	\$ 21,490,900
Central Falls	2,738	\$ 461,245,155	745	\$ 46,559,797	63	\$ 25,373,500
Charlestown	5,185	\$ 2,164,017,400	414	\$ 48,971,881	4	\$ 5,729,800
Coventry	11,268	\$ 2,820,428,315	968	\$ 233,082,206	55	\$ 58,912,550
Cranston	28,550	\$ 4,370,389,800	5,581	\$ 848,889,518	379	\$ 234,978,900
Cumberland	12,828	\$ 3,452,434,908	1,377	\$ 226,308,147	64	\$ 89,145,900
East Greenwich	4,606	\$ 1,578,189,810	762	\$ 156,278,660	7	\$ 28,755,040
East Providence	14,334	\$ 3,114,028,900	2,598	\$ 643,959,696	142	\$ 162,702,500
Exeter	2,470	\$ 487,286,500	227	\$ 32,441,730	13	\$ 5,741,300
Foster	1,877	\$ 424,867,000	239	\$ 19,523,939	2	\$ 897,000
Glocester	3,830	\$ 943,964,600	468	\$ 43,425,980	5	\$ 2,507,900
Hopkinton	3,187	\$ 611,778,000	251	\$ 33,340,990	15	\$ 11,082,000
Jamestown	3,164	\$ 1,487,246,510	311	\$ 38,865,254	-	\$ -
Johnston	11,412	\$ 2,056,254,467	3,995	\$ 467,552,213	172	\$ 74,181,700
Lincoln	6,754	\$ 1,952,608,800	943	\$ 397,206,097	118	\$ 120,016,600
Little Compton	2,908	\$ 1,538,109,100	220	\$ 31,225,640	-	\$ -
Middletown	5,298	\$ 1,482,995,800	1,186	\$ 441,915,630	61	\$ 16,199,200
Narragansett	10,119	\$ 2,837,599,800	1,523	\$ 147,305,200	42	\$ 11,569,100
New Shoreham	1,646	\$ 1,179,726,408	352	\$ 117,413,504	-	\$ -
Newport	8,260	\$ 2,285,874,020	3,001	\$ 659,036,115	2	\$ 947,200
North Kingstown	9,488	\$ 2,989,881,700	1,390	\$ 283,929,090	70	\$ 83,937,700
North Providence	11,986	\$ 2,599,999,580	1,589	\$ 269,234,472	49	\$ 34,474,490
North Smithfield	4,647	\$ 977,660,401	621	\$ 77,561,221	27	\$ 45,639,800
Pawtucket	17,981	\$ 2,551,268,400	2,784	\$ 500,718,360	212	\$ 161,989,200
Portsmouth	7,852	\$ 2,932,991,100	884	\$ 202,415,300	37	\$ 57,533,100
Providence	34,833	\$ 7,281,782,732	7,594	\$ 1,932,747,935	509	\$ 325,088,533
Richmond	2,760	\$ 709,279,000	704	\$ 85,370,209	23	\$ 7,625,000
Scituate	4,036	\$ 554,787,220	389	\$ 15,973,470	9	\$ 1,594,150
Smithfield	7,022	\$ 1,681,593,410	1,221	\$ 425,331,710	144	\$ 89,556,100
South Kingstown	10,370	\$ 3,363,490,941	1,385	\$ 360,049,690	7	\$ 27,950,300
Tiverton	6,879	\$ 1,288,061,647	1,089	\$ 78,630,301	29	\$ 14,613,500
Warren	4,806	\$ 869,735,362	1,066	\$ 157,391,610	25	\$ 23,939,080
Warwick	34,773	\$ 6,484,997,100	6,027	\$ 2,080,398,750	158	\$ 142,984,000
West Greenwich	1,853	\$ 572,974,200	317	\$ 95,804,903	14	\$ 143,521,000
West Warwick	10,128	\$ 1,712,167,410	1,105	\$ 241,451,810	50	\$ 63,922,000
Westerly	10,592	\$ 3,254,683,700	2,435	\$ 501,928,277	38	\$ 38,001,300
Woonsocket	9,608	\$ 1,297,904,300	1,639	\$ 207,049,497	88	\$ 39,189,700
Total	350,495	81,952,193,183	59,078	12,433,762,961	2,731	2,214,657,266

Source: State of RI Municipal Affairs, Department of Administration

3.30 DISTRIBUTION OF STATE AID

For purposes of calculating the different scenarios for property tax relief, the Center for Policy Analysis also reviewed the existing mechanisms for distributing state aid to Rhode Island towns and cities. This data is summarized in Table 9.

Table 9

Municipality	Fiscal Year 2007 State Aid to Cities and Towns							
	General Revenue	GRS VLT	Lieu of Tax	Distressed	Public Service	Motor Vehicle	FY 2007 Total	State Aid
	Sharing	Supplement	Exempt Property	Community Relief Fund	DCRF VLT Supplement	Corporation Tax		
Barrington	\$ 240,404	\$ 3,302	\$ 53,865	\$ -	\$ -	\$ 165,956	\$ 2,934,765	\$ 3,398,291
Bristol	\$ 979,756	\$ 13,457	\$ 560,835	\$ -	\$ -	\$ 221,816	\$ 1,436,592	\$ 3,212,457
Burrillville	\$ 706,306	\$ -	\$ 78,891	\$ 194,978	\$ 131,619	\$ 156,192	\$ 2,768,785	\$ 4,036,771
Central Falls	\$ 1,693,857	\$ -	\$ -	\$ 196,792	\$ 131,619	\$ 186,716	\$ 1,536,803	\$ 3,745,788
Charlestown	\$ 402,852	\$ 5,533	\$ -	\$ -	\$ -	\$ 77,318	\$ 500,654	\$ 986,358
Coventry	\$ 1,002,307	\$ 13,767	\$ -	\$ -	\$ -	\$ 332,049	\$ 2,917,962	\$ 4,266,085
Cranston	\$ 5,362,507	\$ 73,655	\$ 3,583,905	\$ -	\$ -	\$ 782,494	\$ 12,375,741	\$ 22,178,303
Cumberland	\$ 1,541,147	\$ 21,168	\$ 139	\$ -	\$ -	\$ 313,933	\$ 2,725,408	\$ 4,601,796
East Greenwich	\$ 174,658	\$ 2,399	\$ 7,940	\$ -	\$ -	\$ 127,677	\$ 1,398,695	\$ 1,711,369
East Providence	\$ 2,648,844	\$ 36,383	\$ 61,629	\$ -	\$ -	\$ 481,518	\$ 6,334,826	\$ 9,563,199
Exeter	\$ 89,441	\$ 1,229	\$ -	\$ -	\$ -	\$ 59,589	\$ 980,620	\$ 1,130,879
Foster	\$ 306,531	\$ 4,210	\$ 270	\$ -	\$ -	\$ 42,243	\$ 820,396	\$ 1,173,651
Glocester	\$ 560,521	\$ 7,699	\$ -	\$ -	\$ -	\$ 98,122	\$ 1,173,792	\$ 1,840,134
Hopkinton	\$ 223,135	\$ 3,065	\$ -	\$ -	\$ -	\$ 77,193	\$ 816,974	\$ 1,120,367
Jamestown	\$ 144,821	\$ 1,989	\$ -	\$ -	\$ -	\$ 55,400	\$ 432,546	\$ 634,756
Johnston	\$ 2,523,157	\$ 34,656	\$ -	\$ -	\$ -	\$ 278,198	\$ 5,203,488	\$ 8,039,499
Lincoln	\$ 947,625	\$ 13,016	\$ -	\$ -	\$ -	\$ 205,799	\$ 2,977,585	\$ 4,144,025
Little Compton	\$ 104,541	\$ 1,436	\$ -	\$ -	\$ -	\$ 35,441	\$ 298,662	\$ 440,080
Middletown	\$ 967,437	\$ 13,288	\$ -	\$ -	\$ -	\$ 171,805	\$ 1,180,445	\$ 2,332,976
Narragansett	\$ 871,484	\$ 11,970	\$ -	\$ -	\$ -	\$ 161,330	\$ 1,264,559	\$ 2,309,343
New Shoreham	\$ 90,384	\$ 1,241	\$ -	\$ -	\$ -	\$ 9,937	\$ 89,720	\$ 191,283
Newport	\$ 1,824,238	\$ 25,056	\$ 658,326	\$ -	\$ -	\$ 262,039	\$ 1,984,389	\$ 4,754,048
North Kingstown	\$ 879,219	\$ 12,076	\$ 6,836	\$ -	\$ -	\$ 259,512	\$ 2,876,647	\$ 4,034,289
North Providence	\$ 2,404,365	\$ -	\$ 533,146	\$ 10,540,821	\$ 131,319	\$ 320,185	\$ 5,073,098	\$ 9,513,235
North Smithfield	\$ 648,301	\$ 8,905	\$ 38,817	\$ -	\$ -	\$ 104,890	\$ 2,000,900	\$ 2,801,813
Pawtucket	\$ 5,476,767	\$ -	\$ 330,377	\$ 1,521,871	\$ 131,319	\$ 720,845	\$ 10,261,688	\$ 18,443,166
Portsmouth	\$ 646,736	\$ 8,883	\$ -	\$ -	\$ -	\$ 169,383	\$ 1,541,838	\$ 2,366,840
Providence	\$15,536,990	\$ -	\$20,124,158	\$ 5,398,240	\$ 131,319	\$ 1,712,408	\$ 23,981,375	\$ 66,884,790
Richmond	\$ 146,518	\$ 2,012	\$ 627	\$ -	\$ -	\$ 70,903	\$ 789,479	\$ 1,009,539
Scituate	\$ 447,190	\$ 6,142	\$ -	\$ -	\$ -	\$ 101,885	\$ 1,543,217	\$ 2,098,434
Smithfield	\$ 1,844,647	\$ 25,337	\$ 437,602	\$ -	\$ -	\$ 203,327	\$ 3,584,982	\$ 6,095,896
South Kingstown	\$ 1,003,451	\$ 13,783	\$ 121,138	\$ -	\$ -	\$ 275,088	\$ 2,125,933	\$ 3,539,392
Tiverton	\$ 638,386	\$ 8,768	\$ -	\$ -	\$ -	\$ 150,556	\$ 1,403,362	\$ 2,201,073
Warren	\$ 496,052	\$ 6,813	\$ -	\$ -	\$ -	\$ 112,258	\$ 1,021,502	\$ 1,636,626
Warwick	\$ 4,813,657	\$ 66,117	\$ 862,977	\$ -	\$ -	\$ 847,803	\$ 13,734,537	\$ 20,325,091
West Greenwich	\$ 220,578	\$ 3,030	\$ -	\$ -	\$ -	\$ 49,855	\$ 553,197	\$ 826,660
West Warwick	\$ 1,473,614	\$ -	\$ -	\$ 873,321	\$ 131,619	\$ 292,223	\$ 3,087,538	\$ 5,858,315
Westerly	\$ 748,483	\$ 10,281	\$ 132,288	\$ -	\$ -	\$ 226,600	\$ 2,978,678	\$ 4,096,330
Woonsocket	\$ 3,868,095	\$ -	\$ 173,199	\$ 763,978	\$ 131,619	\$ 427,271	\$ 5,417,724	\$ 10,781,885
Total	\$64,699,003	\$ 460,667	\$27,766,967	\$ 10,000,000	\$ 921,335	\$ 10,347,759	\$ 134,129,102	\$248,324,833

Source: State of RI Municipal Affairs, Department of Administration
 General Revenue Sharing - estimated payments to be distributed in March 2007.
 GRS VLT Supplement - estimated payments to be distributed in June 2007.
 Payment in Lieu of Taxes - payments distributed in July 2006.
 Distressed Community Relief - estimated aid to be distributed in March 2007 (\$7.5M) and August 2007 (\$2.5M).
 DCRF VLT Supplement - estimated payments to be distributed in June 2007.
 Public Service Corporation Tax - payments distributed in July 2006.
 Motor Vehicle Excise Tax - represents estimated total amounts to be paid in FY 2007 based upon a \$6,000 exemption.

4.00 STATE AID DISTRIBUTION SCENARIOS

The State of Rhode Island provides several different types of state aid to its 39 municipalities, including general revenue sharing, a general revenue sharing VLT supplement, payments in lieu of tax exempt property, a distressed community relief fund, a distressed community relief fund VLT supplement, a public service corporation tax, and a reimbursement for exemptions to the motor vehicle excise tax. In Fiscal Year 2007, the state will distribute \$64.7 million in general revenue sharing and \$248.3 million in total state aid (see Table 9).

4.10 GENERAL REVENUE SHARING

For purposes of estimating the fiscal impact of casino revenues on local property taxes, it is assumed that the annual net revenues generated by a wagering tax on the Narragansett Indian Casino are distributed directly to towns and cities using the state's distribution formula for general revenue sharing. Each municipality would continue to receive the same ratio of the total distribution for general revenue sharing, which distributes revenues on the basis of need by equalizing the total assessed property values of each community and by adjusting these values for the median household income of each town and city.

It is estimated that by Year 5 of the casino's operation, a Narragansett Indian Casino would generate an additional \$140.9 million dollars in wagering taxes that would be available for distribution as general revenue sharing *in addition* to the funds that are currently distributed as general revenue sharing (see Table 5). The general revenue sharing fund would more than triple (+217.7%) in constant dollars over this five year period, while total state aid would increase by 56.7 percent. Table 10 itemizes the *additional* distribution to each town and city under the state's current general revenue sharing distribution formula.

Table 11 documents the fiscal impact of property tax relief for individual homeowners if municipal officials choose to extend tax relief by using the additional general revenue sharing to reduce the property tax rate on residential properties in each community.

Table 10

Wagering Tax: Allocations to Towns & Cities Using General Revenue Sharing Formula								
	Additional General Revenue Sharing Year 1	Additional General Revenue Sharing Year 2	Additional General Revenue Sharing Year 3	Additional General Revenue Sharing Year 4	Additional General Revenue Sharing Year 5	% Increase in General Revenue Sharing	% Increase in Total State Aid	
Barrington	\$ 293,034	\$ 253,900	\$ 421,025	\$ 466,479	\$ 523,381	217.7%	15.4%	
Bristol	\$ 1,194,249	\$ 1,034,757	\$ 1,715,867	\$ 1,901,114	\$ 2,133,016	217.7%	66.4%	
Burrillville	\$ 860,934	\$ 745,956	\$ 1,236,968	\$ 1,370,513	\$ 1,537,691	217.7%	38.1%	
Central Falls	\$ 2,064,685	\$ 1,788,946	\$ 2,966,487	\$ 3,286,752	\$ 3,687,677	217.7%	98.4%	
Charlestown	\$ 491,046	\$ 425,467	\$ 705,523	\$ 781,692	\$ 877,045	217.7%	88.9%	
Coventry	\$ 1,221,737	\$ 1,058,574	\$ 1,755,361	\$ 1,944,871	\$ 2,182,111	217.7%	51.2%	
Cranston	\$ 6,536,494	\$ 5,663,545	\$ 9,391,469	\$ 10,405,381	\$ 11,674,654	217.7%	52.6%	
Cumberland	\$ 1,878,543	\$ 1,627,663	\$ 2,699,043	\$ 2,990,434	\$ 3,355,214	217.7%	72.9%	
East Greenwich	\$ 212,895	\$ 184,463	\$ 305,882	\$ 338,905	\$ 380,246	217.7%	22.2%	
East Providence	\$ 3,228,742	\$ 2,797,544	\$ 4,638,975	\$ 5,139,803	\$ 5,766,768	217.7%	60.3%	
Exeter	\$ 109,022	\$ 94,462	\$ 156,640	\$ 173,551	\$ 194,721	217.7%	17.2%	
Foster	\$ 373,638	\$ 323,739	\$ 536,834	\$ 594,791	\$ 667,345	217.7%	56.9%	
Glocester	\$ 683,233	\$ 591,987	\$ 981,652	\$ 1,087,632	\$ 1,220,304	217.7%	66.3%	
Hopkinton	\$ 271,985	\$ 235,661	\$ 390,781	\$ 432,970	\$ 485,785	217.7%	43.4%	
Jamestown	\$ 176,526	\$ 152,951	\$ 253,628	\$ 281,010	\$ 315,288	217.7%	49.7%	
Johnston	\$ 3,075,539	\$ 2,664,801	\$ 4,418,857	\$ 4,895,921	\$ 5,493,137	217.7%	68.3%	
Lincoln	\$ 1,155,084	\$ 1,000,822	\$ 1,659,595	\$ 1,838,767	\$ 2,063,064	217.7%	49.8%	
Little Compton	\$ 127,428	\$ 110,410	\$ 183,085	\$ 202,851	\$ 227,595	217.7%	51.7%	
Middletown	\$ 1,179,233	\$ 1,021,747	\$ 1,694,292	\$ 1,877,210	\$ 2,106,196	217.7%	90.3%	
Narragansett	\$ 1,062,274	\$ 920,407	\$ 1,526,248	\$ 1,691,023	\$ 1,897,298	217.7%	82.2%	
New Shoreham	\$ 110,171	\$ 95,458	\$ 158,291	\$ 175,381	\$ 196,774	217.7%	102.9%	
Newport	\$ 2,223,609	\$ 1,926,646	\$ 3,194,826	\$ 3,539,742	\$ 3,971,528	217.7%	83.5%	
North Kingstown	\$ 1,071,702	\$ 928,576	\$ 1,539,794	\$ 1,706,032	\$ 1,914,138	217.7%	47.4%	
North Providence	\$ 2,930,741	\$ 2,539,340	\$ 4,210,814	\$ 4,665,418	\$ 5,234,516	217.7%	55.0%	
North Smithfield	\$ 790,230	\$ 684,695	\$ 1,135,383	\$ 1,257,960	\$ 1,411,409	217.7%	50.4%	
Pawtucket	\$ 6,675,768	\$ 5,784,220	\$ 9,591,575	\$ 10,627,091	\$ 11,923,408	217.7%	64.6%	
Portsmouth	\$ 788,323	\$ 683,042	\$ 1,132,642	\$ 1,254,923	\$ 1,408,002	217.7%	59.5%	
Providence	\$ 18,938,425	\$ 16,409,199	\$ 27,210,252	\$ 30,147,897	\$ 33,825,406	217.7%	50.6%	
Richmond	\$ 178,594	\$ 154,743	\$ 256,600	\$ 284,303	\$ 318,983	217.7%	31.6%	
Scituate	\$ 545,091	\$ 472,294	\$ 783,173	\$ 867,725	\$ 973,572	217.7%	46.4%	
Smithfield	\$ 2,248,486	\$ 1,948,201	\$ 3,230,568	\$ 3,579,344	\$ 4,015,960	217.7%	65.9%	
South Kingstown	\$ 1,223,131	\$ 1,059,782	\$ 1,757,365	\$ 1,947,091	\$ 2,184,602	217.7%	61.7%	
Tiverton	\$ 778,145	\$ 674,223	\$ 1,118,019	\$ 1,238,721	\$ 1,389,823	217.7%	63.1%	
Warren	\$ 604,650	\$ 523,899	\$ 868,746	\$ 962,537	\$ 1,079,949	217.7%	66.0%	
Warwick	\$ 5,867,487	\$ 5,083,884	\$ 8,430,257	\$ 9,340,396	\$ 10,479,758	217.7%	51.6%	
West Greenwich	\$ 268,868	\$ 232,961	\$ 386,303	\$ 428,008	\$ 480,218	217.7%	58.1%	
West Warwick	\$ 1,796,225	\$ 1,556,339	\$ 2,580,771	\$ 2,859,393	\$ 3,208,188	217.7%	54.8%	
Westerly	\$ 912,345	\$ 790,501	\$ 1,310,834	\$ 1,452,353	\$ 1,629,514	217.7%	39.8%	
Woonsocket	\$ 4,714,918	\$ 4,085,241	\$ 6,774,275	\$ 7,505,632	\$ 8,421,186	217.7%	78.1%	
Total	\$ 78,863,231	\$ 68,331,050	\$ 113,308,703	\$ 125,541,618	\$ 140,855,471	217.7%	56.7%	

Table 11

Property Tax Savings per Home						
	Tax Savings on \$150,000 home	Tax Savings on \$250,000 home	Tax Savings on \$350,000 home	Tax Savings on \$500,000 home	Median Home Price - 2005	Tax Savings on Median Home Price
Barrington	\$ 36	\$ 59	\$ 83	\$ 119	\$ 420,000	\$ 100
Bristol	\$ 153	\$ 255	\$ 357	\$ 510	\$ 340,000	\$ 347
Burrillville	\$ 210	\$ 350	\$ 490	\$ 700	\$ 250,000	\$ 350
Central Falls	\$ 1,241	\$ 2,069	\$ 2,896	\$ 4,137	\$ 268,000	\$ 2,218
Charlestown	\$ 81	\$ 135	\$ 189	\$ 270	\$ 340,000	\$ 184
Coventry	\$ 130	\$ 217	\$ 304	\$ 435	\$ 250,000	\$ 217
Cranston	\$ 296	\$ 493	\$ 691	\$ 987	\$ 260,000	\$ 513
Cumberland	\$ 167	\$ 279	\$ 391	\$ 558	\$ 299,500	\$ 334
East Greenwich	\$ 30	\$ 51	\$ 71	\$ 102	\$ 470,000	\$ 95
East Providence	\$ 244	\$ 407	\$ 569	\$ 813	\$ 253,750	\$ 413
Exeter	\$ 47	\$ 78	\$ 110	\$ 157	\$ 305,000	\$ 96
Foster	\$ 194	\$ 324	\$ 453	\$ 647	\$ 300,000	\$ 388
Glocester	\$ 207	\$ 346	\$ 484	\$ 691	\$ 263,000	\$ 364
Hopkinton	\$ 93	\$ 155	\$ 217	\$ 311	\$ 275,000	\$ 171
Jamestown	\$ 32	\$ 53	\$ 75	\$ 107	\$ 453,000	\$ 97
Johnston	\$ 324	\$ 540	\$ 757	\$ 1,081	\$ 252,000	\$ 545
Lincoln	\$ 136	\$ 226	\$ 317	\$ 452	\$ 292,000	\$ 264
Little Compton	\$ 25	\$ 42	\$ 59	\$ 84	\$ 350,000	\$ 59
Middletown	\$ 150	\$ 250	\$ 351	\$ 501	\$ 364,000	\$ 365
Narragansett	\$ 89	\$ 149	\$ 209	\$ 298	\$ 375,000	\$ 223
New Shoreham	\$ 21	\$ 36	\$ 50	\$ 71	\$ 825,000	\$ 117
Newport	\$ 138	\$ 230	\$ 322	\$ 460	\$ 370,000	\$ 341
North Kingstown	\$ 98	\$ 163	\$ 228	\$ 326	\$ 350,000	\$ 228
North Providence	\$ 361	\$ 601	\$ 842	\$ 1,203	\$ 252,000	\$ 606
North Smithfield	\$ 205	\$ 342	\$ 479	\$ 685	\$ 313,500	\$ 429
Pawtucket	\$ 506	\$ 844	\$ 1,182	\$ 1,688	\$ 249,000	\$ 841
Portsmouth	\$ 91	\$ 152	\$ 212	\$ 303	\$ 360,000	\$ 218
Providence	\$ 549	\$ 914	\$ 1,280	\$ 1,829	\$ 250,000	\$ 914
Richmond	\$ 72	\$ 121	\$ 169	\$ 242	\$ 296,000	\$ 143
Scituate	\$ 111	\$ 185	\$ 258	\$ 369	\$ 285,000	\$ 210
Smithfield	\$ 297	\$ 496	\$ 694	\$ 991	\$ 285,000	\$ 565
South Kingstown	\$ 98	\$ 163	\$ 229	\$ 327	\$ 355,000	\$ 232
Tiverton	\$ 131	\$ 219	\$ 307	\$ 438	\$ 275,000	\$ 241
Warren	\$ 170	\$ 283	\$ 396	\$ 566	\$ 284,000	\$ 321
Warwick	\$ 200	\$ 333	\$ 466	\$ 665	\$ 235,000	\$ 313
West Greenwich	\$ 114	\$ 190	\$ 267	\$ 381	\$ 309,500	\$ 236
West Warwick	\$ 272	\$ 454	\$ 636	\$ 908	\$ 235,750	\$ 428
Westerly	\$ 68	\$ 113	\$ 159	\$ 227	\$ 280,000	\$ 127
Woonsocket	\$ 727	\$ 1,211	\$ 1,695	\$ 2,422	\$ 215,750	\$ 1,045

4.20 TOTAL ASSESSED VALUES

For purposes of estimating the fiscal impact of casino revenues on local property taxes, a second scenario was calculated based on a direct distribution of additional state aid to towns and cities based on their proportionate share of all municipality's total assessed property values. Under this scenario state aid is distributed aid to towns and cities with the highest total assessed property values.

It is estimated that by Year 5 of the casino's operation, a Narragansett Indian Casino would generate an additional \$140.9 million dollars in wagering taxes that would be available for distribution to the state's 39 municipalities (see Table 5). Total state aid would increase by 56.7 percent over a five period. Table 12 itemizes the *additional* distribution to each town and city under the hypothetical assessed values formula, while Table 13 documents the fiscal impact of property tax relief for individual homeowners if municipal officials choose to extend tax relief by using the additional state aid to reduce the property tax rate on residential properties.

Table 12

Wagering Tax Distributed as State Aid as a Proportion of Total Assessed Property Values						
	Additional State Aid Year 1	Additional State Aid Year 2	Additional State Aid Year 3	Additional State Aid Year 4	Additional State Aid Year 5	Percent Increase in Total State Aid
Barrington	\$ 2,200,988	\$ 1,907,046	\$ 3,162,324	\$ 3,503,731	\$ 3,931,125	115.7%
Bristol	\$ 1,788,001	\$ 1,549,214	\$ 2,568,955	\$ 2,846,302	\$ 3,193,500	99.4%
Burrillville	\$ 918,018	\$ 795,417	\$ 1,318,986	\$ 1,461,385	\$ 1,639,648	40.6%
Central Falls	\$ 358,644	\$ 310,747	\$ 515,291	\$ 570,922	\$ 640,565	17.1%
Charlestown	\$ 1,354,957	\$ 1,174,002	\$ 1,946,768	\$ 2,156,943	\$ 2,420,052	245.4%
Coventry	\$ 2,175,556	\$ 1,885,011	\$ 3,125,784	\$ 3,463,247	\$ 3,885,701	91.1%
Cranston	\$ 6,064,425	\$ 5,254,521	\$ 8,713,213	\$ 9,653,900	\$ 10,831,505	48.8%
Cumberland	\$ 2,200,988	\$ 1,907,046	\$ 3,162,324	\$ 3,503,731	\$ 3,931,125	85.4%
East Greenwich	\$ 1,932,819	\$ 1,674,691	\$ 2,777,026	\$ 3,076,836	\$ 3,452,155	201.7%
East Providence	\$ 2,765,666	\$ 2,396,312	\$ 3,973,639	\$ 4,402,637	\$ 4,939,681	51.7%
Exeter	\$ 642,801	\$ 556,955	\$ 923,560	\$ 1,023,268	\$ 1,148,089	101.5%
Foster	\$ 531,620	\$ 460,622	\$ 763,818	\$ 846,280	\$ 949,511	80.9%
Glocester	\$ 792,610	\$ 686,757	\$ 1,138,802	\$ 1,261,749	\$ 1,415,660	76.9%
Hopkinton	\$ 789,842	\$ 684,359	\$ 1,134,825	\$ 1,257,342	\$ 1,410,715	125.9%
Jamestown	\$ 999,536	\$ 866,048	\$ 1,436,109	\$ 1,591,152	\$ 1,785,245	281.2%
Johnston	\$ 1,922,031	\$ 1,665,344	\$ 2,761,526	\$ 3,059,663	\$ 3,432,888	42.7%
Lincoln	\$ 1,844,569	\$ 1,598,227	\$ 2,650,230	\$ 2,936,351	\$ 3,294,534	79.5%
Little Compton	\$ 898,507	\$ 778,511	\$ 1,290,952	\$ 1,430,325	\$ 1,604,799	364.7%
Middletown	\$ 2,119,659	\$ 1,836,579	\$ 3,045,473	\$ 3,374,265	\$ 3,785,865	162.3%
Narragansett	\$ 3,263,872	\$ 2,827,982	\$ 4,689,449	\$ 5,195,726	\$ 5,829,513	252.4%
New Shoreham	\$ 432,768	\$ 374,971	\$ 621,789	\$ 688,918	\$ 772,954	404.1%
Newport	\$ 3,678,623	\$ 3,187,343	\$ 5,285,353	\$ 5,855,965	\$ 6,570,289	138.2%
North Kingstown	\$ 2,392,044	\$ 2,072,587	\$ 3,436,829	\$ 3,807,872	\$ 4,272,365	105.9%
North Providence	\$ 1,921,492	\$ 1,664,876	\$ 2,760,751	\$ 3,058,804	\$ 3,431,924	36.1%
North Smithfield	\$ 871,838	\$ 755,404	\$ 1,252,636	\$ 1,387,871	\$ 1,557,167	55.6%
Pawtucket	\$ 3,553,662	\$ 3,079,070	\$ 5,105,811	\$ 5,657,040	\$ 6,347,098	34.4%
Portsmouth	\$ 2,066,738	\$ 1,790,725	\$ 2,969,437	\$ 3,290,020	\$ 3,691,345	156.0%
Providence	\$ 7,544,381	\$ 6,536,829	\$ 10,839,576	\$ 12,009,827	\$ 13,474,813	20.1%
Richmond	\$ 583,134	\$ 505,257	\$ 837,832	\$ 928,286	\$ 1,041,520	103.2%
Scituate	\$ 628,038	\$ 544,163	\$ 902,349	\$ 999,767	\$ 1,121,721	53.5%
Smithfield	\$ 1,645,597	\$ 1,425,828	\$ 2,364,353	\$ 2,619,611	\$ 2,939,157	48.2%
South Kingstown	\$ 2,672,281	\$ 2,315,398	\$ 3,839,466	\$ 4,253,979	\$ 4,772,889	134.9%
Tiverton	\$ 1,642,941	\$ 1,423,526	\$ 2,360,536	\$ 2,615,382	\$ 2,934,412	133.3%
Warren	\$ 687,587	\$ 595,760	\$ 987,907	\$ 1,094,563	\$ 1,228,080	75.0%
Warwick	\$ 5,769,170	\$ 4,998,698	\$ 8,288,999	\$ 9,183,887	\$ 10,304,158	50.7%
West Greenwich	\$ 606,974	\$ 525,913	\$ 872,086	\$ 966,237	\$ 1,084,101	131.1%
West Warwick	\$ 1,377,789	\$ 1,193,785	\$ 1,979,572	\$ 2,193,289	\$ 2,460,831	42.0%
Westerly	\$ 2,967,194	\$ 2,570,925	\$ 4,263,189	\$ 4,723,447	\$ 5,299,624	129.4%
Woonsocket	\$ 1,748,218	\$ 1,514,743	\$ 2,511,795	\$ 2,782,971	\$ 3,122,444	29.0%

Table 13

Property Tax Savings per Home						
	Tax Savings on \$150,000 home	Tax Savings on \$250,000 home	Tax Savings on \$350,000 home	Tax Savings on \$500,000 home	Median Home Price - 2005	Tax Savings on Median Home Price
Barrington	\$ 268	\$ 446	\$ 625	\$ 893	\$ 420,000	\$ 750
Bristol	\$ 229	\$ 382	\$ 535	\$ 764	\$ 340,000	\$ 519
Burrillville	\$ 224	\$ 373	\$ 522	\$ 746	\$ 250,000	\$ 373
Central Falls	\$ 216	\$ 359	\$ 503	\$ 719	\$ 268,000	\$ 385
Charlestown	\$ 223	\$ 372	\$ 521	\$ 745	\$ 340,000	\$ 506
Coventry	\$ 232	\$ 387	\$ 542	\$ 774	\$ 250,000	\$ 387
Cranston	\$ 275	\$ 458	\$ 641	\$ 916	\$ 260,000	\$ 476
Cumberland	\$ 196	\$ 327	\$ 458	\$ 654	\$ 299,500	\$ 392
East Greenwich	\$ 277	\$ 461	\$ 646	\$ 922	\$ 470,000	\$ 867
East Providence	\$ 209	\$ 348	\$ 488	\$ 697	\$ 253,750	\$ 354
Exeter	\$ 278	\$ 463	\$ 648	\$ 925	\$ 305,000	\$ 564
Foster	\$ 276	\$ 460	\$ 644	\$ 921	\$ 300,000	\$ 552
Glocester	\$ 241	\$ 401	\$ 561	\$ 802	\$ 263,000	\$ 422
Hopkinton	\$ 271	\$ 451	\$ 631	\$ 902	\$ 275,000	\$ 496
Jamestown	\$ 182	\$ 303	\$ 424	\$ 606	\$ 453,000	\$ 549
Johnston	\$ 203	\$ 338	\$ 473	\$ 676	\$ 252,000	\$ 340
Lincoln	\$ 217	\$ 361	\$ 506	\$ 723	\$ 292,000	\$ 422
Little Compton	\$ 178	\$ 297	\$ 416	\$ 595	\$ 350,000	\$ 416
Middletown	\$ 270	\$ 450	\$ 630	\$ 900	\$ 364,000	\$ 655
Narragansett	\$ 275	\$ 458	\$ 641	\$ 915	\$ 375,000	\$ 686
New Shoreham	\$ 84	\$ 140	\$ 195	\$ 279	\$ 825,000	\$ 460
Newport	\$ 228	\$ 381	\$ 533	\$ 762	\$ 370,000	\$ 564
North Kingstown	\$ 218	\$ 363	\$ 509	\$ 727	\$ 350,000	\$ 509
North Providence	\$ 237	\$ 394	\$ 552	\$ 789	\$ 252,000	\$ 397
North Smithfield	\$ 227	\$ 378	\$ 529	\$ 755	\$ 313,500	\$ 474
Pawtucket	\$ 270	\$ 449	\$ 629	\$ 899	\$ 249,000	\$ 448
Portsmouth	\$ 238	\$ 397	\$ 556	\$ 795	\$ 360,000	\$ 572
Providence	\$ 219	\$ 364	\$ 510	\$ 728	\$ 250,000	\$ 364
Richmond	\$ 237	\$ 394	\$ 552	\$ 789	\$ 296,000	\$ 467
Scituate	\$ 128	\$ 213	\$ 298	\$ 425	\$ 285,000	\$ 242
Smithfield	\$ 218	\$ 363	\$ 508	\$ 725	\$ 285,000	\$ 413
South Kingstown	\$ 214	\$ 357	\$ 500	\$ 714	\$ 355,000	\$ 507
Tiverton	\$ 277	\$ 462	\$ 647	\$ 925	\$ 275,000	\$ 509
Warren	\$ 193	\$ 322	\$ 450	\$ 643	\$ 284,000	\$ 365
Warwick	\$ 196	\$ 327	\$ 458	\$ 654	\$ 235,000	\$ 307
West Greenwich	\$ 258	\$ 430	\$ 602	\$ 860	\$ 309,500	\$ 532
West Warwick	\$ 209	\$ 348	\$ 487	\$ 696	\$ 235,750	\$ 328
Westerly	\$ 221	\$ 369	\$ 516	\$ 737	\$ 280,000	\$ 413
Woonsocket	\$ 269	\$ 449	\$ 629	\$ 898	\$ 215,750	\$ 387

4.30 PER CAPITA

For purposes of estimating the fiscal impact of casino revenues on local property taxes, a third scenario was calculated based on a direct distribution of additional state aid to towns and cities based on population. Under this scenario state aid is distributed aid to towns and cities on a per capita basis and, thus, provides the tax relief to communities with a higher demand for municipal services, but without adjusting for local wealth or tax effort.

It is estimated that by Year 5 of the casino's operation, a Narragansett Indian Casino would generate an additional \$140.9 million dollars in wagering taxes that would be available for distribution to the state's 39 municipalities (see Table 5). Total state aid would increase by 56.7 percent over a five period. Table 14 itemizes the *additional* distribution to each town and city under the hypothetical assessed values formula, while Table 15 documents the fiscal impact of property tax relief for individual homeowners if municipal officials choose to extend tax relief by using the additional state aid to reduce the property tax rate on residential properties.

Table 14

	C	D	E	F	G	H	I
3	Wagering Tax Revenues Distributed as State Aid on a Per Capita Basis						
4	Additional State Aid Year 1	Additional State Aid Year 2	Additional State Aid Year 3	Additional State Aid Year 4	Additional State Aid Year 5	Additional State Aid Year 5	Percent Increase in Total State Aid
5	Barrington	\$ 1,265,264	\$ 1,093,235	\$ 1,816,452	\$ 2,018,280	\$ 2,253,746	66.3%
6	Bristol	\$ 1,690,304	\$ 1,460,485	\$ 2,426,652	\$ 2,696,280	\$ 3,010,846	93.7%
7	Burrillville	\$ 1,188,306	\$ 1,026,740	\$ 1,705,968	\$ 1,895,520	\$ 2,116,664	52.4%
8	Central Falls	\$ 1,423,921	\$ 1,230,320	\$ 2,044,224	\$ 2,271,360	\$ 2,536,352	67.7%
9	Charlestown	\$ 591,219	\$ 510,835	\$ 848,772	\$ 943,080	\$ 1,053,106	106.8%
10	Coventry	\$ 2,530,529	\$ 2,186,470	\$ 3,632,904	\$ 4,036,560	\$ 4,507,492	105.7%
11	Cranston	\$ 5,963,270	\$ 5,152,485	\$ 8,561,052	\$ 9,512,280	\$ 10,622,046	47.9%
12	Cumberland	\$ 2,395,268	\$ 2,069,600	\$ 3,438,720	\$ 3,820,800	\$ 4,266,560	92.7%
13	East Greenwich	\$ 974,056	\$ 841,620	\$ 1,398,384	\$ 1,553,760	\$ 1,735,032	101.4%
14	East Providence	\$ 3,662,714	\$ 3,164,720	\$ 5,258,304	\$ 5,842,560	\$ 6,524,192	68.2%
15	Exeter	\$ 454,755	\$ 392,925	\$ 652,860	\$ 725,400	\$ 810,030	71.6%
16	Foster	\$ 321,526	\$ 277,810	\$ 461,592	\$ 512,880	\$ 572,716	48.8%
17	Glocester	\$ 748,371	\$ 646,620	\$ 1,074,384	\$ 1,193,760	\$ 1,333,032	72.4%
18	Hopkinton	\$ 589,489	\$ 509,340	\$ 846,288	\$ 940,320	\$ 1,050,024	93.7%
19	Jamestown	\$ 422,933	\$ 365,430	\$ 607,176	\$ 674,640	\$ 753,348	118.7%
20	Johnston	\$ 2,122,867	\$ 1,834,235	\$ 3,047,652	\$ 3,386,280	\$ 3,781,346	47.0%
21	Lincoln	\$ 1,572,121	\$ 1,358,370	\$ 2,256,984	\$ 2,507,760	\$ 2,800,332	67.6%
22	Little Compton	\$ 270,295	\$ 233,545	\$ 388,044	\$ 431,160	\$ 481,462	109.4%
23	Middletown	\$ 1,304,007	\$ 1,126,710	\$ 1,872,072	\$ 2,080,080	\$ 2,322,756	99.6%
24	Narragansett	\$ 1,230,810	\$ 1,063,465	\$ 1,766,988	\$ 1,963,320	\$ 2,192,374	94.9%
25	New Shoreham	\$ 75,981	\$ 65,650	\$ 109,080	\$ 121,200	\$ 135,340	70.8%
26	Newport	\$ 1,991,669	\$ 1,720,875	\$ 2,859,300	\$ 3,177,000	\$ 3,547,650	74.6%
27	North Kingstown	\$ 1,980,460	\$ 1,711,190	\$ 2,843,208	\$ 3,159,120	\$ 3,527,684	87.4%
28	North Providence	\$ 2,438,224	\$ 2,106,715	\$ 3,500,388	\$ 3,889,320	\$ 4,343,074	45.7%
29	North Smithfield	\$ 798,774	\$ 690,170	\$ 1,146,744	\$ 1,274,160	\$ 1,422,812	50.8%
30	Pawtucket	\$ 5,488,505	\$ 4,742,270	\$ 7,879,464	\$ 8,754,960	\$ 9,776,372	53.0%
31	Portsmouth	\$ 1,290,090	\$ 1,114,685	\$ 1,852,092	\$ 2,057,880	\$ 2,297,966	97.1%
32	Providence	\$ 13,060,983	\$ 11,285,170	\$ 18,750,744	\$ 20,834,160	\$ 23,264,812	34.8%
33	Richmond	\$ 543,299	\$ 469,430	\$ 779,976	\$ 866,640	\$ 967,748	95.9%
34	Scituate	\$ 776,657	\$ 671,060	\$ 1,114,992	\$ 1,238,880	\$ 1,383,416	65.9%
35	Smithfield	\$ 1,548,875	\$ 1,338,285	\$ 2,223,612	\$ 2,470,680	\$ 2,758,926	45.3%
36	South Kingstown	\$ 2,100,449	\$ 1,814,865	\$ 3,015,468	\$ 3,350,520	\$ 3,741,414	105.7%
37	Tiverton	\$ 1,147,983	\$ 991,900	\$ 1,648,080	\$ 1,831,200	\$ 2,044,840	92.9%
38	Warren	\$ 854,593	\$ 738,400	\$ 1,226,880	\$ 1,363,200	\$ 1,522,240	93.0%
39	Warwick	\$ 6,455,188	\$ 5,577,520	\$ 9,267,264	\$ 10,296,960	\$ 11,498,272	56.6%
40	West Greenwich	\$ 384,793	\$ 332,475	\$ 552,420	\$ 613,800	\$ 685,410	82.9%
41	West Warwick	\$ 2,225,328	\$ 1,922,765	\$ 3,194,748	\$ 3,549,720	\$ 3,963,854	67.7%
42	Westerly	\$ 1,727,693	\$ 1,492,790	\$ 2,480,328	\$ 2,755,920	\$ 3,077,444	75.1%
43	Woonsocket	\$ 3,251,667	\$ 2,809,560	\$ 4,668,192	\$ 5,186,880	\$ 5,792,016	53.7%

Table 15

	B	C	D	E	F	G	H
2	Property Tax Savings Per Home						
3		Tax Savings on \$150,000 home	Tax Savings on \$250,000 home	Tax Savings on \$350,000 home	Tax Savings on \$500,000 home	Median Home Price - 2005	Tax Savings on Median Home Price
4	Barrington	\$ 154	\$ 256	\$ 358	\$ 512	\$ 420,000	\$ 430
5	Bristol	\$ 216	\$ 360	\$ 504	\$ 720	\$ 340,000	\$ 490
6	Burrillville	\$ 289	\$ 482	\$ 674	\$ 963	\$ 250,000	\$ 482
7	Central Falls	\$ 854	\$ 1,423	\$ 1,992	\$ 2,846	\$ 268,000	\$ 1,525
8	Charlestown	\$ 97	\$ 162	\$ 227	\$ 324	\$ 340,000	\$ 220
9	Coventry	\$ 269	\$ 449	\$ 629	\$ 898	\$ 250,000	\$ 449
10	Cranston	\$ 269	\$ 449	\$ 629	\$ 898	\$ 260,000	\$ 467
11	Cumberland	\$ 213	\$ 355	\$ 497	\$ 710	\$ 299,500	\$ 425
12	East Greenwich	\$ 139	\$ 232	\$ 324	\$ 464	\$ 470,000	\$ 436
13	East Providence	\$ 276	\$ 460	\$ 644	\$ 920	\$ 253,750	\$ 467
14	Exeter	\$ 196	\$ 326	\$ 457	\$ 653	\$ 305,000	\$ 398
15	Foster	\$ 167	\$ 278	\$ 389	\$ 555	\$ 300,000	\$ 333
16	Glocester	\$ 227	\$ 378	\$ 529	\$ 755	\$ 263,000	\$ 397
17	Hopkinton	\$ 201	\$ 336	\$ 470	\$ 671	\$ 275,000	\$ 369
18	Jamestown	\$ 77	\$ 128	\$ 179	\$ 256	\$ 453,000	\$ 232
19	Johnston	\$ 223	\$ 372	\$ 521	\$ 744	\$ 252,000	\$ 375
20	Lincoln	\$ 184	\$ 307	\$ 430	\$ 614	\$ 292,000	\$ 359
21	Little Compton	\$ 54	\$ 89	\$ 125	\$ 178	\$ 350,000	\$ 125
22	Middletown	\$ 166	\$ 276	\$ 387	\$ 552	\$ 364,000	\$ 402
23	Narragansett	\$ 103	\$ 172	\$ 241	\$ 344	\$ 375,000	\$ 258
24	New Shoreham	\$ 15	\$ 24	\$ 34	\$ 49	\$ 825,000	\$ 81
25	Newport	\$ 123	\$ 206	\$ 288	\$ 411	\$ 370,000	\$ 304
26	North Kingstown	\$ 180	\$ 300	\$ 420	\$ 600	\$ 350,000	\$ 420
27	North Providence	\$ 299	\$ 499	\$ 699	\$ 998	\$ 252,000	\$ 503
28	North Smithfield	\$ 207	\$ 345	\$ 483	\$ 690	\$ 313,500	\$ 433
29	Pawtucket	\$ 415	\$ 692	\$ 969	\$ 1,384	\$ 249,000	\$ 689
30	Portsmouth	\$ 148	\$ 247	\$ 346	\$ 495	\$ 360,000	\$ 356
31	Providence	\$ 377	\$ 629	\$ 880	\$ 1,258	\$ 250,000	\$ 629
32	Richmond	\$ 220	\$ 366	\$ 513	\$ 733	\$ 296,000	\$ 434
33	Scituate	\$ 157	\$ 262	\$ 367	\$ 524	\$ 285,000	\$ 299
34	Smithfield	\$ 204	\$ 340	\$ 477	\$ 681	\$ 285,000	\$ 388
35	South Kingstown	\$ 168	\$ 280	\$ 392	\$ 560	\$ 355,000	\$ 397
36	Tiverton	\$ 193	\$ 322	\$ 451	\$ 644	\$ 275,000	\$ 354
37	Warren	\$ 239	\$ 399	\$ 558	\$ 797	\$ 284,000	\$ 453
38	Warwick	\$ 219	\$ 365	\$ 511	\$ 730	\$ 235,000	\$ 343
39	West Greenwich	\$ 163	\$ 272	\$ 381	\$ 544	\$ 309,500	\$ 336
40	West Warwick	\$ 337	\$ 561	\$ 785	\$ 1,122	\$ 235,750	\$ 529
41	Westerly	\$ 128	\$ 214	\$ 300	\$ 428	\$ 280,000	\$ 240
42	Woonsocket	\$ 500	\$ 833	\$ 1,166	\$ 1,666	\$ 215,750	\$ 719

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5.00 PROPERTY TAX RELIEF CREDIT

A second type of policy instrument available to the General Assembly is an expansion of the state's existing Property Tax Relief Credit. The Property Tax Relief Credit currently provides benefits only to Rhode Island residents whose total annual income does not exceed \$30,000. The property tax relief credit can be claimed as a refund against the claimant's state personal income tax or paid directly to the individual if not tax return is required to be filed by the individual. The amount of the credit is based on 20% of the property tax paid or rent paid in the tax year,⁹ while the refund is calculated based on the amount by which the property taxes or rent exceed a percentage of the filer's annual household income. The maximum refund is \$300.

The advantage of the Property Tax Relief Credit is that it extends the benefits of tax relief more broadly to the state's residents. The state's Property Tax Relief Credit is available to renters, who constitute 40% of Rhode Island's households (U.S. Census 2000), while distributions of state aid that allow reductions in residential property tax rates will primarily (directly) benefit only homeowners and rental property owners.

5.10 PROPERTY TAX RELIEF CREDIT EXTENDED TO ALL TAXPAYERS

The wagering tax revenues generated by a Narragansett Indian Casino could be distributed directly to individual taxpayers as tax rebates, state income tax refunds (credits), or as credits against any state income taxes owed by a resident. These revenues would be sufficient to extend the existing Property Tax Relief Credit to all taxpayers regardless of adjusted gross income. By Year 3 of a casino's operation, the average tax relief available for distribution to Rhode Island residents would be \$256 per household/taxpayer and this amount would increase to \$318 by Year 5 of a casino's operation (see Table 16).

If funding for the current \$300 tax credit available to residents earning less than \$30,000 per year is retained, then property tax relief to the state's poorest citizens, would reach \$618 annually by Year 5 of a casino's operation (i.e., \$300 current + \$318 new property tax relief).

⁹ The rationale for extending property tax relief to renters is that renters indirectly pay property taxes as part of their monthly rent.

Table 16¹⁰

Property Tax Relief Credit				
	Wagering Tax Available for Tax Relief	RI Households	Individual State Income Tax Returns Filed (2005)	Property Tax Relief Credit-All Taxpayers
Year 1	\$ 78,863,231	408,424	478,361	\$ 178
Year 2	\$ 68,331,050	408,424	478,361	\$ 154
Year 3	\$ 113,308,703	408,424	478,361	\$ 256
Year 4	\$ 125,541,618	408,424	478,361	\$ 283
Year 5	\$ 140,855,471	408,424	478,361	\$ 318

Sources: U.S. Census 2000; RI Division of Taxation - Accounting.

5.20 PROPERTY TAX RELIEF CREDIT EXTENDED TO TAXPAYERS EARNING LESS THAN \$100,000

The wagering tax revenues generated by a Narragansett Indian Casino could be distributed directly to individual taxpayers on the basis of an income limitation as is currently the case in Rhode Island. However, if the income eligibility threshold was increased from a maximum of \$30,000 to \$100,000,¹¹ by Year 3 of a casino's operation the average tax relief available for distribution to these Rhode Island residents would be \$270 per household/taxpayer and this amount would increase to \$336 by Year 5 of a casino's operation (see Table 17).

If funding for the current \$300 tax credit available to residents earning less than \$30,000 per year is retained, then property tax relief to the state's poorest citizens, would reach \$636 annually by Year 5 of a casino's operation (i.e., \$300 current + \$336 new property tax relief).¹²

¹⁰ For purposes of calculating the average property tax credit, the wagering tax available for property tax relief was divided by the average of the number of Rhode Island households and 2005 state income tax filers. This average was used since some households will consist of unrelated individuals who would each be eligible to file for a tax credit and, thus, the household number alone underestimates potential eligibility. On the other hand, the total number of income tax filers alone overestimates potential eligibility because it will (a) include married couples who file separately (but who jointly own or rent only one home), (b) include teenagers and college students who file state income tax returns, but live at home, and (c) college and university students who file state income tax returns, but live in dormitories and are not eligible for the tax credit.

¹¹ Approximately 10% of Rhode Island income tax filers earn more than \$100,000 per year (IRS 2006).

¹² The General Assembly could adopt different distribution formulas for the property tax relief credit, including different income eligibility thresholds or it could change the percentage of property taxes or rent paid that is used to calculate the tax rebate, or it could change the percentage of the filer's income that is used to calculate the tax rebate.

Table 17

Property Tax Relief Credit				
Individual State				
	Wagering Tax Available for Tax Relief	RI Households	Income Tax Returns Filed (2005)	Property Tax Relief Credit <\$100K
Year 1	\$ 78,863,231	408,424	478,361	\$ 188
Year 2	\$ 68,331,050	408,424	478,361	\$ 163
Year 3	\$ 113,308,703	408,424	478,361	\$ 270
Year 4	\$ 125,541,618	408,424	478,361	\$ 299
Year 5	\$ 140,855,471	408,424	478,361	\$ 336
Sources: U.S. Census 2000; RI Division of Taxation - Accounting.				

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6.00 ECONOMIC IMPACT OF PROPERTY TAX RELIEF

The property tax relief made possible by a Narragansett Indian Casino will have a positive economic impact on the Rhode Island, because most of the funds used to provide such relief will be net new revenues for state economy. Unlike most forms of tax relief, which do little more than transfer existing income from government purchases to individual consumption, the proposed property tax will be funded primarily from two sources: (a) recapturing Rhode Island monies (taxes) that are currently paid to the State of Connecticut by gamblers who visit Mohegan Sun and Foxwoods and (b) out of state visitors to the Narragansett Indian Casino (e.g., Massachusetts), who will indirectly pay wagering taxes to the State of Rhode Island.

In an earlier report prepared for the Rhode Island Senate, entitled *Market Analysis for a West Warwick Resort Casino*, the Center for Policy Analysis estimated that at least 80 percent of a casino's revenues and, therefore, any wagering taxes paid by the casino would come from these two sources. Consequently, a similar proportion of any property tax relief funded by a wagering tax will constitute an infusion of new consumer expenditures (i.e., a positive economic impact) for the Rhode Island economy.

6.10 DEFINITIONS

Economic impacts measure the importance of an economic activity primarily in terms of the output, employment, and personal (labor) income generated by that activity:

Output is the value of goods and services produced at the identified business establishment or construction project.

Employment is the number of people employed at the identified business establishment or construction project, including wage and salary employees and self-employed persons.

Personal income is the wages, benefits, and other income derived from employment that is linked geographically to the identified workplace site.

Economic impacts consist of direct impacts, indirect impacts, induced impacts, and total impacts. *Direct impacts* are the economic activities carried out at a business establishment or construction project and are therefore an immediate consequence of the economic activity that would not have occurred in the absence of the business establishment or construction project.

Indirect impacts derive primarily from off-site economic activities that are attributable to the identified business establishment. These economic activities occur mainly as a result of *non-payroll expenditures* by the business within a defined local area (i.e., town, city, county, metropolitan statistical area). Local expenditures include a range of operating expenses such as construction materials, office supplies, motor transport,

horticultural services, furniture, utilities, maintenance and repairs, business machines, business services, management consulting, and so forth. Indirect impacts differ from direct impacts insofar as they originate entirely off-site, although the indirect impacts would not have occurred in the absence of the identified business establishment. *Induced impacts* are the multiplier effects of the direct and indirect impacts created by successive rounds of spending by employees and proprietors.¹³ *Total impacts* are the sum of the direct, indirect, and induced impacts. The economic impact analysis covers five fiscal years, beginning July 1, 2008 through June 30, 2013.

6.20 METHODOLOGY: THE IMPLAN MODELING SYSTEM

The indirect and induced economic impacts of Intel Massachusetts are specified using IMPLAN (IMpact Analysis for PLANing), which is an econometric modeling system developed by applied economists at the University of Minnesota and the U.S. Forest Service. The IMPLAN modeling system has been in use since 1979 and is currently used by over 500 private consulting firms, university research centers, and government agencies. The Center for Policy Analysis has been a licensed IMPlan user since 1999 and regularly employs its econometric modeling system in conducting economic and fiscal impact analyses for various industries and projects.

The IMPLAN modeling system uses combines the U.S. Bureau of Economic Analysis' Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses and between businesses and final consumers. From this data, one can examine the effects of a change in one or several economic activities to predict its effect on a specific state, regional, or local economy (impact analysis). The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected periodically by the U.S. Bureau of Economic Analysis and follow a balanced account format recommended by the United Nations.

IMPLAN also includes social accounting data (e.g., personal income and gross state product) that makes it possible to measure non-industrial transactions such as the payment of indirect taxes by businesses and households. The IMPLAN data base provides data coverage for the entire United States by county and has the ability to incorporate user-supplied data at each stage of the model building process to insure that estimates of

¹³ Most of the take home-home income earned by employees is spent locally. Some of this spending becomes income to local individuals who provide services to employees. Some the spending by employees goes to local businesses and becomes income to the business owners and their employees. Subsequently, part of these second-round incomes are also spent locally and thus become income to another set of individuals. As successive rounds of spending occur, additional income is created in the local area, region, and state. The impact of these successive rounds of spending is called a "multiplier effect."

economic impacts are both up-to-date and specific to an economic impact area.¹⁴ IMPLAN can construct local input-output models in units as small as five-zip code clusters.

IMPLAN's Regional Economic Accounts and the Social Accounting Matrices are used to construct local, county, or state-level multipliers specific to an impact area. Multipliers describe the response of an economy to a change in demand or production. The multipliers allow economic impact analysis to move from a descriptive input-outputs model to a predictive model. Each industry that produces goods or services generates demand for other goods and services and this demand is multiplied through a particular economy until it dissipates through "leakage" to economies outside the specified area. Thus, multipliers calculate the response of the economic impact area to a change in demand or production.

IMPLAN models *discern and calculate leakage* from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, *economic impacts that accrue to other regions or states as a consequence of a change in demand are not counted as impacts within the economic area*. The model accounts for substitution and displacement effects by deflating industry-specific multipliers to levels well below those recommended by the U.S. Bureau of Economic Analysis. In addition, multipliers are applied only to *personal disposable income* to obtain a more realistic estimate of the multiplier effects from increased demand. The reliability of these estimates has been proven through empirical testing (Department of Commerce 1981; Brucker et al 1990).

A predictive model is constructed by specifying a series of new expenditures in a specific economic area (e.g., new employment or construction) which is then applied to the industry multipliers for that particular region. Based on these calculations, the model estimates final demand, which includes employment, employee compensation (excluding benefits), and point-of-work personal income (including benefits). The initial IMPLAN data details all purchases in a given area, including imported goods and services. Importantly, IMPLAN's Regional Economic Accounts exclude imports to an economic area so the calculation of economic impacts identifies only those impacts specific to the economic impact area. IMPLAN calculates this distinction by applying Regional Purchase Coefficients (RPC) to predict regional purchases based on an economic area's particular characteristics. The Regional Purchase Coefficient represents the proportion of goods and services that will be purchased regionally under normal circumstances, based on the area's economic characteristics described in terms of actual trade flows within the area.

¹⁴ The IMPLAN modeling system draws on a variety of statistical sources, including the Bureau of Labor Statistics Growth Model, Bureau of the Census, ES-202 employment and earnings data, the Regional Economic Information System (REIS), and the Bureau of Economic Analysis Gross State Product data.

The Center for Policy Analysis built input-output models for the state of Rhode Island and the West Warwick-Warwick local area using the IMPlan Professional 2.0 model building software and data packages. The data used in the model are for 2001, which is the latest available. Where necessary, all inputs were converted to 2004 dollars using appropriate deflators (producer price indices for industrial commodities and the personal consumption expenditure deflator for personal income). Model outputs are reported in 2004 dollars.

It is possible to estimate the economic impact of a casino’s operations and capital expenditures simply by changing the output of the appropriate industries in the econometric model (IMPlan Codes 478 and 479). This method assumes that a West Warwick Resort Casino’s production function is the same as the average of the entire industry. The Center for Policy Analysis built an additional input-output model for the casino’s capital (construction) spending. In both models, payments to business establishments within the region are distributed among industrial sectors by applying the model’s regional purchase coefficient to purchases. In the capital spending model, it is assumed that all construction spending went first to local contractors, which does not allow IMPlan to apply a regional purchase coefficient to that spending. Land purchases and the purchase of gaming equipment (e.g. slot machines) were not included in construction spending.

6.30 DATA SOURCES

The total amount of wagering tax available for property tax relief is estimated at \$78.8 million in Year 1 of a Narragansett Indian Casino and this amount is expected to rise to \$140.8 million by Year 5 (see Table 18). It is estimated that 80 percent of this income is net new income to the Rhode Island economy (see above).

Table 18

Wagering Tax Available for Property Tax Relief					
	Year 1	Year 2	Year 3	Year 4	Year 5
Property Tax Relief	\$ 78,863,231	\$ 68,331,050	\$ 113,308,703	\$ 125,541,618	\$140,855,471
Net Income to Economy	\$ 63,090,585	\$ 54,664,840	\$ 90,646,962	\$ 100,433,294	\$112,684,377

6.31a Assignment to IMPlan Industry Sectors

The allocation of tax relief expenditures among the 528 IMPlan industry sectors (account subcodes) was conducted by the Center for Policy Analysis by assigning tax relief income to IMPlan subcode 5001 Employee Compensation. This code was selected because tax relief is equivalent to employee compensation insofar as it confers additional new income on individuals, who are likely to spend this income (consume) in the same way as other income and compensation.

6.31b Regional Purchases

The economic impacts of a West Warwick Resort Casino are calculated for the state of Rhode Island. The state of Rhode Island is defined as all 39 towns and cities in the State of Rhode Island and Providence Plantations. Purchases from vendors outside an impact area are excluded from the calculation of economic impacts within the state.¹⁵ Tax relief has a regional purchase coefficient (RPC) of 100%, which means that all consumer purchases are made from vendors within the state.

6.31c Trade and Freight Margins

When a casino purchases goods or services, its expenditure covers at least the prices of the goods or services, but it may also include the cost of shipping, insurance, wholesale margin, retail margin, and brokerage fees. IMPlan provides sector-specific margins to account for these “exported” expenditures.

6.40 ECONOMIC IMPACT

Tax relief will generate economic impacts that continue as long as the facility remains in existence. The IMPLAN modeling system uses U.S. Bureau of Labor Statistics earnings and income data and the U.S. Bureau of Economic Analysis Regional Economic Information System (REIS) to calculate place of work income. These estimates are based on direct employment estimates attributable to consumer expenditures in the State of Rhode Island and actual trade flows, employment distribution, and compensation rates in Rhode Island.

Employment is defined as total wage and salary employees and self employed jobs in a region. It includes both full-time and part-time workers. The data sets used to calculate total employment are the ES202 data, County Business Patterns, and the Regional Economic Information System. Personal income is wages, benefits, and other income derived from employment linked geographically to the workplace site.

¹⁵ An inherent weakness of a single-region input-output model, such as IMPlan, is that it cannot capture the *feedback effects* that result when purchases from a supplier outside the region lead to additional purchases within the region by that supplier or suppliers. It is possible to construct a multi-region input-output model to capture feedback effects, but such a model requires a great deal of data collection and is not supported by the IMPlan software.

6.41 Direct Employment and Compensation Impacts

The model predicts that by Year 5 of a casino's operation property tax relief will generate an additional 405 direct jobs and \$13,301,783 million in direct labor income (see Table 19). These jobs will have an annual average wage of \$32,843.¹⁶

Table 19

Employment & Income Impacts of Property Tax Relief, FY 2009 to FY 2014				
	Direct	Indirect	Induced	Total
Year 1				0
Employment	227	38	197	462
Compensation	\$ 7,447,503	\$ 1,561,435	\$ 7,960,546	\$ 16,969,484
Annual Avg. Wage	\$32,808	\$41,090	\$40,409	\$36,730
Year 2				
Employment	197	33	170	400
Compensation	\$ 6,452,890	\$ 1,352,905	\$ 6,897,416	\$ 14,703,211
Annual Avg. Wage	\$32,756	\$40,997	\$40,573	\$36,758
Year 3				
Employment	326	55	283	664
Compensation	\$10,700,385	\$2,243,430	\$11,437,511	\$24,381,326
Annual Avg. Wage	\$32,823	\$40,790	\$40,415	\$36,719
Year 4				
Employment	361	61	313	735
Compensation	\$ 11,855,609	\$ 2,485,633	\$ 12,672,317	\$ 27,013,559
Annual Avg. Wage	\$32,841	\$40,748	\$40,487	\$36,753
Year 5				
Employment	405	68	351	824
Compensation	\$ 13,301,783	\$ 2,788,837	\$ 14,218,115	\$ 30,308,735
Annual Avg. Wage	\$ 32,844	\$ 41,012	\$ 40,507	\$ 36,782
Note: Adjusted to 2006 dollars.				

6.42 Indirect and Induced Employment and Compensation Impacts

The model predicts that property tax relief will support an additional 68 jobs in Rhode Island through indirect impacts (i.e., business-related purchases) and 351 jobs through induced impacts (i.e., employee purchases). The employment generated by indirect and induced impacts will sustain an additional \$17.0 million in employee compensation in Rhode Island.

¹⁶ Fringe benefits payments appear in the model as indirect impacts, since the payments are to insurance carriers, pension fund managers, hospitals, health care professionals, and government agencies, among others.

The IMPLAN modeling system is able to specify the sectoral distribution of indirect and induced impacts by calculating the regional effect of a casino's purchases based on the BEA's input-output accounts for Rhode Island and by calculating the effect of increased consumer demand (employment) from gross state product data. The model predicts that indirect and induced impacts will be distributed widely across the state and that these impacts will be distributed across many of IMplan's 538 account subcodes. The most significant indirect and induced impacts will occur in sectors that provide consumer related goods and services. The Implan model predicts that individuals will spend most of their property tax relief on items such as motor vehicle repairs, retail merchandise, food and beverages, various health care services, child care, college tuition, restaurants, and contributions to private charities (see Table 20)

Table 20

Sectoral Distribution of Employment Impacts, Year 5				
Implan Code	Implan Description	Direct Employment	Indirect Employment	Induced Employment
390	Wholesale trade	7.9	2.2	5.3
401	Motor vehicle and parts dealers	11.8	0.4	6.1
405	Food & beverage stores	17.2	0.6	8.9
410	General merchandise stores	14.7	0.5	7.7
411	Miscellaneous store retailers	6.7	0.2	3.5
427	Insurance carriers	5.4	1.9	3.5
431	Real estate	8.1	9.9	9.7
462	Colleges, universities, & junior colleges	12.1	0.3	6.1
464	Home health care services	7.7	0	3.8
465	Offices of physicians & dentists	30.1	0	14.1
467	Hospitals	35.2	0	16.9
468	Nursing & residential care facilities	17.5	0	8.3
469	Child day care services	7.6	0	3.6
481	Food services & drinking places	55.8	4.2	28.4
483	Automotive repair & maintenance	10.8	0.6	5.5
491	Religious organizations	12.1	0	5.6

Note: Table only includes private sector with total employment impacts of 10+.

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