

## **Exhibit VIII.B.3.a – Municipality, Region and State Economic Benefit Impact studies**

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*Submit as Exhibit VIII.B.3.a. economic impact studies completed by an independent expert showing the proposed Gaming Facility’s overall economic incremental benefit to the Region, the State, and the Host Municipality and nearby municipalities including the manner in which the facility will generate new revenues as opposed to taking revenues from other New York businesses  
Also include any d.b.a. or trade name.*

### **REMI Analysis**

Saratoga Casino and Raceway engaged Spectrum Gaming Group to prepare an economic impact study that details the total economic impacts of a casino in Rensselaer County, the Capital Zone,<sup>1</sup> and the Rest of New York State. There are three variations of the study corresponding to low, average, and high estimates of revenues for the expanded property.

The methodology for the study relies on the PI+ model from Regional Economic Models Inc. (“REMI”) and data from the other analyses conducted by Spectrum. REMI’s models are the leading economic and policy analysis models in the United States and abroad and are used by a diverse group of local, regional, state, and federal clients, including several State of New York agencies.

Our analysis takes into account the existing economic landscape surrounding the proposed site in East Greenbush, including the slack in the area’s existing labor force due to lingering unemployment. Spectrum provided REMI with all information required for the analysis including employment, revenues, construction spending, and gaming tax estimates. Broadly speaking, REMI made assumptions on labor productivity, consumer spending reallocation, and the distribution of construction costs in order to prepare Spectrum’s data for the PI+ model. REMI used effective tax rates to calculate the tax revenue estimates.

The results in Rensselaer County are driven by the operations of the proposed casino while the results for the Rest of New York<sup>2</sup> are largely driven by the shifting of spending toward the casino in East Greenbush from local market consumption.

Our analysis in the average (expected) case shows the following in Rensselaer County:

- The peak year of employment contribution is 2018, with 1,514 total jobs, which includes 1,107 direct jobs at the casino, 225 indirect jobs, and 182 induced jobs. These jobs represent approximately 2 percent of the regional total, which is a substantial effect for one employer.
- The operations of the casino will provide a cumulative gain of \$2.4 billion to the gross regional product (“GRP”), which measures the net new economic value created in a region and is equivalent to a smaller-scale gross domestic product. This period of GRP growth commences in 2017 and continues through 2027, the total period of measurement in this analysis.

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<sup>1</sup> The Capital Zone is defined as Albany, Fulton, Montgomery, Saratoga, Schenectady, Schoharie, and Washington counties.

<sup>2</sup> For the purposes of this executive summary, Rest of New York is all of the state excluding Rensselaer County.

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- The jobs at the casino at East Greenbush are expected to pay an average annual wage of \$33,484 over the operations period for a total average annual wage bill of \$39.2 million. Rensselaer County as a whole sees average annual personal income increases of \$48 million.
- The sectors that experience the greatest benefit from the casinos are construction, professional and technical services, and management of companies and enterprises. The jobs in these sectors are created as the result of economic growth and business-to-business sales.
- The three and a half year construction period creates averages of 329 jobs, \$25 million of GRP, and \$14 million of personal income.

Other results in Rensselaer County are summarized in the following table, which shows the economic impact of the casino in East Greenbush in the final analysis year (2027). This table captures the long-term and steady-state contributions of the casino on its local county, the Rest of New York, and the state as a whole. The negative results in the Rest of New York region represent the effects of reallocating spending from other areas to Rensselaer County.

**Summary economic results, final analysis year snapshot, average case (\$ in nominal millions)**

Impact in 2027	Rensselaer County	Rest of New York State	Total New York
<b>Employment</b>	1,363	-690	673
<b>Gross Regional Product</b>	\$252.12	-\$85.10	\$167.02
<b>Personal Income</b>	\$60.69	-\$28.11	\$32.58
<b>Residential Capital Stock</b>	\$75.34	-\$37.42	\$37.92
<b>School-Aged Population</b>	273	-128	145
<b>County Sales Tax</b>	-\$0.13	N/A	-\$0.13

Source: Spectrum Gaming Group, Regional Economic Models Inc.

### Comparisons to Similar Built Projects

RFA Exhibit B.3.a and Exhibit B.3.b require that the applicants’ economic-impact reports “compare those results to actual observed conditions in similar built projects.” Spectrum concluded that Iowa provides a relevant and timely example, as the State on May 23, 2014, released *Socioeconomic Impact of Gambling on Iowans*,<sup>3</sup> a comprehensive study conducted by Strategic Economics Group and Spectrum Gaming Group. The Iowa research team also employed the REMI model to determine statewide fiscal and economic impacts.

The 18 Iowa casinos are of a similar scale to the proposed Capital View Casino & Resort: In Fiscal Year 2013 they averaged 1,004 slot machines, 26 table games and 38,122 square feet

<sup>3</sup> Strategic Economics Group and Spectrum Gaming Group, *Socioeconomic Impact of Gambling on Iowans*, May 23, 2014; <http://www.state.ia.us/irgc/StudySocioeconomicImpact2014.pdf>.

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of gaming space.<sup>4</sup> The Iowa casino sizes were in the ranges of 525 to 2,055 slots; 8 to 73 table games; and 16,357 square feet to 85,686 square feet.

The size of proposed Capital View casino is well within the ranges cited above: 1,500 slot machines, 56 table games, and 59,000 square feet.

Additionally, 13 of the 18 Iowa casinos have an integrated or attached hotel, within a range of 60 to 514 guest rooms. By comparison, the proposed Capital View casino will have 100 guest rooms in its integrated hotel. Both the Iowa casinos and proposed Capital View casino also have a variety of non-gaming amenities such as restaurants, bars, etc.

Like Capital View, most of the Iowa casinos are in or near smaller cities and towns.

The Iowa research team found that the Iowa casinos produced the following average annual economic impacts for the years 2013-2060; we then compare these with our projections for the similar Capital View casino:

- Direct and secondary private-sector jobs of 13,978, or an average of 777 per casino. The Capital View casino will generate 1,514 direct and secondary private-sector jobs in its peak year of 2018.
- Direct salaries and wages (from both direct and secondary jobs) of \$378 million, equating to \$12.8 million per casino. The Capital View casino will directly contribute an annual average of \$39.2 million of direct wages to its employees.
- Gross state product of \$1.3 billion, equating to \$73.1 million per casino. The Capital View casino will contribute to a 10-year cumulative total change in gross state product of \$2.4 billion, with an annual average of \$218.2 million.
- Statewide Personal Income of \$591.7 million, equating to \$32.9 million per casino. The Capital View casino will contribute \$32.6 million of statewide personal income in the final year of our analysis period (2027).

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<sup>4</sup> Iowa Racing and Gaming Commission data; <http://www.state.ia.us/irgc/FYTD2013.pdf>.