



Uses of Gaming Penalty Revenue

Financial Implications of the Wynn Fine on the Commonwealth's Budget

On Tuesday, April 30, the Massachusetts Gaming Commission (MGC) posted a decision on their website regarding the suitability of Wynn Resorts LLC to hold a resort-style casino license in Massachusetts.¹ The MGC assessed a fine of \$35 million on Wynn Resorts and a fine of \$500,000 on Matthew Maddox, the CEO of Wynn Resorts.

Pursuant to the gaming law, revenue from resort-style casinos, including penalties, is earmarked for twelve purposes.² These are depicted in Figure 1 below. According to the Massachusetts Gaming Commission, the fines are due within thirty days of being imposed and, therefore, would count as fiscal 2019 revenue.

According to the gaming law, a total of \$22 million of the \$35 million fine would require further authorization by the legislature for the funds to be spent, including for purposes such as local aid, transportation, education, economic development, and local capital projects. If the legislature did not act to specifically appropriate the funds in fiscal 2019, perhaps in the final supplemental appropriations bill of the fiscal year, the funds would be transferred to the state's "rainy day" fund, the Stabilization Fund, as part of closing out the fiscal year.

Irrespective of these events, approximately \$4 million will be directly deposited to the Stabilization Fund per the statutory requirements.

¹ The decision is available here: <https://massgaming.com/blog-post/mgc-issues-decision-and-order-regarding-suitability-of-wynn-resorts-and-wynn-ma-llc/>

² M.G.L. Chapter 23K §44 specifies that gaming penalties are credited to the Gaming Revenue Fund. The Gaming Revenue Fund is to be distributed to various funds, as described herein, per M.G.L. Chapter 23K §59.

The remaining \$10 million will go to other purposes outlined in the gaming statute, including pre-paying debt, grants to communities hosting gaming facilities, public health, the development of the race horse industry in Massachusetts, supporting cultural activities, and tourism promotion. The expenditure of these funds requires no further action by the Governor and legislature.

Sources and Uses of Gaming Penalty Revenue	
Sources	
Wynn Resorts	35.0
Wynn CEO Matthew Maddox	0.5
Total Sources	35.5
Uses	
<i>Requires Further Appropriation</i>	
Gaming Local Aid	7.1
Commonwealth Transportation Fund	5.3
Education Fund	5.0
Gaming Economic Development Fund	3.4
Local Capital Projects Fund	1.6
Subtotal, Requires Further Appropriation	22.4
<i>"Rainy Day" Deposit</i>	
Stabilization Fund	3.6
<i>Does Not Require Further Appropriation</i>	
Debt and Long-Term Liability Reduction Trust Fund	3.6
Community Mitigation Fund	2.3
Public Health Trust Fund	1.8
Race Horse Development Fund	0.9
Mass Cultural Council	0.7
Mass Tourism Fund	0.4
Subtotal, Does Not Require Further Appropriation	9.6
Total Uses	35.5
Figures in \$ millions.	

Figure 1: Sources and Uses of Gaming Penalty Revenue

For more information about the expectations associated with gaming revenues in the Commonwealth's budget for fiscal 2019 and fiscal 2019, please refer to MTF's technical backgrounder document on the subject posted publicly on MTF's website on May 1, 2019.

