



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI
AUDITOR

TEL (617) 727-6200
FAX (617) 727-5891

March 25, 2009

The Honorable Thomas G. Ambrosino, Mayor
City of Revere
Office of the Mayor
281 Broadway
Revere, Massachusetts 02151

**RE: November 2008 Ballot Question 3, Prohibiting Dog Racing in the Commonwealth,
General Laws Chapter 128A, section 14E**

Dear Mayor Ambrosino:

This letter is in response to your request that the State Auditor's Division of Local Mandates (DLM) determine for the City of Revere the financial effect of the dog racing ban scheduled to take effect on January 1, 2010. This serves as a follow-up to earlier correspondence in which we explained our opinion that the Local Mandate Law, General Laws Chapter 29, section 27C, does not apply in this case. This is because the ban was enacted by initiative petition, and the ban does not impose direct requirements upon the City of Revere. Nonetheless, the City does face the loss of a long-standing source of revenue to support public services when wagering ceases at Wonderland Greyhound Park.

Since the early 1980's, state law has provided for distributions "...to each city and town within which racing meetings are conducted..." These payments have been calculated as percentages of the total pari-mutuel wagers made at the race track(s) within a community's boundaries. The initial entitlement of 0.25% was increased to 0.35% in fiscal 2004. General Laws Chapter 58, section 18D, as amended. We contacted the State Racing Commission to obtain the recent payment history for the City of Revere on account of Wonderland Park. Following along the downward trend in wagering at the track, the numbers below show a downward trend in the distributions to the City.

City of Revere
Local Share of Racing Taxes/Wonderland Race Track
Fiscal Years 2005 Through 2010
Source: State Racing Commission

<i>Fiscal Year</i>	<i>Payment</i>	<i>\$Change</i>	<i>%Change</i>
2005	\$253,411	--	--
2006	174,746	(\$78,665)	(31)
2007	143,689	(31,057)	(18)
2008	118,271	(25,418)	(18)
2009 (Proj.)*	109,300	(8,971)	(8)
2010 (House 1)	81,065	(28,235)	(26)

*Fiscal 2009 projection derived by averaging forward the first 2 quarterly payments provided by State Racing Commission.

As reflected in the proposed fiscal 2010 House 1 amount, each year the sums determined by the statutory formula are subject to appropriation, so that the Legislature and Governor may provide less than the statutory entitlement for actual distribution to eligible communities. Accordingly, any future projections would be subject to the strictures of the legislative budget process.

At any rate, a variety of mathematical exercises could illustrate the hypothetical revenue loss to the City of Revere due to the ban on dog racing, using any variety of assumptions. As an example, the initial Racing Commission estimate for the fiscal 2010 payment to Revere on account of Wonderland Park based upon the statutory entitlement was \$99,750, approximately 9% less than the projected fiscal 2009 amount. If we assume that the more dramatic declines that occurred in the mid 2000's in the Wonderland Park handle will level off to the 8 to 9 % rates seen in more recent years, and carry that trend forward, estimated future entitlements for the City of Revere in the absence of the dog racing ban might approximate the following amounts:

\$91,000 for fiscal 2011
\$83,000 for fiscal 2012
\$76,000 for fiscal 2013

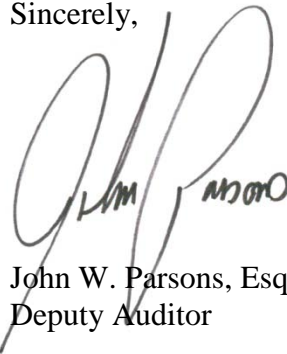
Of course, there is no way to predict whether this trend would continue, in fact, and no way to predict the impact of potential intervening variables, such as the state

The Honorable Thomas G. Ambrosino, Mayo
Page Three

appropriations process, or proposals to allow alternative ventures at Wonderland and other racing venues in the State.

As you discussed with DLM's Director by telephone, it is premature at this point to examine any impact the dog racing ban may have on the valuation and property taxation of the Wonderland parcel. Should you wish that we revisit this matter at some point when the future use of the parcel is more certain, please contact us. We thank you for bringing this matter to our attention.

Sincerely,

A handwritten signature in black ink, appearing to be 'J. Parsons', with a large, stylized flourish above it.

John W. Parsons, Esq.
Deputy Auditor

cc: The Honorable Robert A. DeLeo
The Honorable Anthony Galluccio
The Honorable Anthony Petrucelli
The Honorable Kathi-Ann Reinstein
City Council President, George V. Colella