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# State gaming revenues surge, but split is evolving

Gambling offerings, taxes getting fresh look as state share of betting revenues clears \$1.5 billion per year

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Encore Boston Harbor is the Region A resort casino licensee in Massachusetts.

Michael Norton

SEPT. 16, 2025....Gambling is the fourth-largest source of state tax revenue, but a new report released Tuesday cautioned that the gaming landscape could be changing in ways that reduce the benefits the state sees from the activity.

The Massachusetts Budget and Policy Center published a paper Tuesday examining how the state collects and spends gambling revenue. Like research from the UMass Donahue Institute this summer, MassBudget pointed out that casino revenues have been essentially stagnant since the introduction of legal sports betting. That trend could alter the balance between what the report calls "the harms wrought by the gambling industry and the public benefits made possible by its revenue" if online sports betting takes the place of casino patronage or cannibalizes casino revenue.

Rep. Carole Fiola, who was part of a panel discussion on MassBudget's research, said new report comes at a critical time: as lawmakers begin to mull another proposed expansion of legal gambling in Massachusetts.

"There are several bills in front of us right now regarding igaming, and I think that is what is prompting this more extensive discussion," Fiola, a Fall River Democrat who this session took over as chair of the Economic Development and Emerging Technologies Committee, said. "And it should, it should."

Last month, Fiola's committee was sent a bill (H 4431) from Rep. David Muradian that would legalize online casino gambling -- digital slot machines, online blackjack tables, and more -- and make the new licenses available to the casinos already operating in Massachusetts. Plainridge Park Casino in Plainville, MGM Springfield and Encore Boston Harbor in Everett would each be able to launch three online gaming brands or "skins."

The Grafton Republican filed the bill Jan. 16, but it wasn't referred to any committee until Aug. 18 and has not yet been scheduled for its hearing. And though Muradian is listed as the only sponsor, the idea has attracted lots of attention -- his bill sits atop the "most popular bills" listing on the Legislature's website.

"The operation of internet wagering in conjunction with brick-and-mortar casinos serves to protect, preserve, promote, and enhance the tourism industry of the commonwealth as well as the general fiscal well-being of the commonwealth and its subdivisions," Muradian's legislation declares in a preamble.

Muradian's bill proposes that the state would tax online casino operators at a rate of 15%, equal to the tax rate on online sports wagering operators.

Sports betting revenues are subject to a lower tax rate than casino gaming revenues are -- 15% for in-person bets and 20% for mobile bets, versus a 25% tax on casino revenue and a 49% tax on slot facility revenue. Researchers at both MassBudget and the Donahue Institute have warned that the emerging trend of sports betting supplanting casino gaming could eventually spell trouble for a state government that relies on gambling tax revenues.

"If sports betting is substituting for casino betting and profits are taxed at lower rates then either an ever-expanding pool of bettors must lose money betting on online sports or revenues will flatten," MassBudget's report declares. "In other words, if somebody wagers \$200 on the Celtics instead of losing that sum playing slots, the Commonwealth receives \$30 or \$40 in revenue instead of \$50 at a resort casino, or \$98 at the slot parlor. Put differently, the sports betting companies would need to extract a lot more betting losses from Massachusetts residents to support the same amount of public investment by the Commonwealth."

Casinos, the Lottery, and regulated sports betting together generated more than \$1.5 billion in state revenue in fiscal year 2025 -- more than what the state took in from the gas tax (\$742 million), the estate tax (\$517 million) cigarettes (\$262 million) or alcohol (\$98 million), according to MassBudget. Only the state income tax (\$26.6 billion), sales tax (\$9.6 billion) and taxes on corporations (\$4.1 billion) brought in more to state coffers.

But as a percentage of the state budget, gambling revenue has declined over the last 25 years, the report said. In fiscal 2025, gambling revenues represented 2.23% of the state budget. That was down from 2.48% in fiscal 2024 and "a considerably smaller share of the state budget" than the Mass. Lottery covered on its own in 2002, 3.71%, according to the report.

"Impressively large as the Lottery may be, its growth has slowed considerably in recent decades. Adjusting for inflation, the value of state revenue generated by the Lottery peaked in 2002 and has fallen by a third since," MassBudget said.

The House and Senate authorized online Lottery sales in the fiscal year 2025 budget that Gov. Maura Healey signed last summer. The Lottery's long-sought response to the introduction of casino gambling, daily fantasy sports and sports betting is expected to launch sometime next summer.

Treasurer Deborah Goldberg has said she expects more than \$70 million in net profit from online sales in year one, more than \$180 million by year three, more than \$230 million in year five, and almost \$360 million in year 10.

MassBudget's report recommends state lawmakers "pursue opportunities to increase public revenue without intensifying gambling harm, and to make the extraction of gambling profits less harmful." The first way the report suggests doing so is by raising the taxes and fees on gambling companies already licensed to operate here.

"These companies are given select access to a Massachusetts population with the highest personal income per capita in the 50 states. The industry has seen continuous years of record profits. The division of gambling profits between the industry and the Commonwealth is set by law and changing it is a legitimate way to raise revenue without increasing gambling harms," the report said.

One way of doing that without changing the statutory tax rate for any type of gambling would be to increase the annual per-slot-machine fee paid by casino operators from its current \$600 per machine rate. MassBudget said the 2011 expanded gaming law allows the fee to be raised at the rate of inflation starting five years after the initial award of casino licenses (which happened in 2014), but the state has not done so.

That fee would rise to \$805 per slot machine next July if adjusted for inflation, MassBudget said.

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