

(Casino impact draft report by Bernard Weinstein and Terry Clower, January 2026)

A. A brief history of wagering in the state of Texas

Texas has historically maintained strict anti-gambling laws, with a constitutional ban on most forms of the practice dating back to 1876. Though underground casinos flourished in cities like Dallas and Galveston in the early 20th century, often operating with the quiet cooperation of local law enforcement, by the 1940s these ventures had all been shuttered.

Gambling has always been a contentious issue in the state—with the possible exception of church sponsored bingo—and it wasn't until the late 20th century that legal wagering was permitted.

State-sanctioned wagering first occurred in 1987 when **pari-mutuel betting** was approved in a voter referendum. (Pari-mutuel betting on horse and greyhound racing was briefly legal in the 1930s to raise revenue during the Great Depression). The referendum established the Texas Racing Commission to license and regulate horse and greyhound racing. Today, four racetracks are licensed and operating in the state:

Gillespie County Fair Grounds in Fredericksburg

Lone Star Park in Grand Prairie

Retama Park in Selma (near San Antonio)

Sam Houston Race Park in Houston.

Pari-mutuel betting is legal in Texas for live and simulcast horse and greyhound races, provided the wagers are placed in-person at a licensed racetrack facility. Online or telephone wagers on these races are prohibited by state law. Racetracks are permitted to offer simulcast betting on races run at other Texas tracks but currently cannot broadcast simulcasts out of state, and Texans are prohibited from wagering on races conducted outside of Texas. The revenue is collected by the Texas Racing Commission and directed into various funds, including the Pari-Mutuel Wagering Trust Fund and the General Revenue Fund.

Pari-mutuel betting in Texas yields **relatively modest state revenues**. According to the Texas Comptroller, **approximately \$25.5 million in total pari-mutuel proceeds were generated in FY 2024** from a combination of **horse and greyhound racing, simulcast betting, and related fees**.

In November 1991, with both the state and national economies emerging from a recession, voters approved an amendment to the Texas Constitution authorizing a **lottery** for the purpose

of supporting public education. Within two years, Texas lottery sales exceeded \$1 billion, a record for any state.

In response to declining ticket sales in the late 1990s, Texas joined the Mega Millions interstate consortium in 2003 and the Powerball Lottery in 2010 in order to offer larger jackpots to Texas players. Subsequently, the lottery experienced a resurgence with total product sales reaching new highs for 13 consecutive years through FY 2023 when it totaled \$8.73 billion. Lottery sales dropped slightly in FY 2024 to \$8.39 billion, the second-best year in its history.

Efforts to legalize casinos in Texas have been a recurring theme in the state's legislative history, with significant campaigns emerging in recent years driven by major casino operators and sports team owners. These efforts have consistently faced strong opposition, particularly in the state Senate, and have repeatedly fallen short. To make legalization even more problematic, any change to the state's gambling laws requires amending the Texas Constitution, which demands a two-thirds majority vote in both the House and the Senate, followed by voter approval.

The most prominent efforts began around late 2020 and 2021, led by the late billionaire Sheldon Adelson and his company, Las Vegas Sands. The company launched a high-profile lobbying and ad campaign to convince lawmakers and voters to support "destination resorts" with casino gambling in major Texas metro areas. The Las Vegas Sands-backed legislation in 2021 did not advance far, failing to even get a committee hearing in the Senate, largely due to opposition from Lieutenant Governor Dan Patrick.

Efforts intensified in 2023 legislative session, with the House approving a measure related to sports betting (a first for a gambling expansion bill in either chamber), but it was immediately quashed in the Senate by Lt. Gov. Patrick. Several bills for both destination casinos and sports betting were filed but ultimately failed to gain the necessary supermajority support.

Several gaming bills and joint resolutions were filed during the 2025 legislative session, including House Joint Resolution 134 (HJR 134) and Senate Joint Resolution 16 (SJR 16), which aimed to propose a constitutional amendment to allow voters to decide on legalizing sports betting and destination resort casinos. But these and other gambling bills introduced during the 2025 legislative session failed to pass and died when the legislature adjourned on June 2, 2025. The next opportunity for a gambling bill to be considered is the next legislative session, which will convene in 2027.

Though Texas state law prohibits casinos, two Indian tribes operate gaming facilities on their reservations. The Kickapoo Traditional Tribe in Eagle Pass has operated the Lucky Eagle Casino since 1995 under a federal law giving special gaming rights to tribes. A U.S. Supreme Court ruling in 2022 allows the Tigwa and Alabama-Coushatta Tribes to continue offering electronic bingo, and in late September 2025 federal authorities gave the Alabama-Coushatta Tribe approval to move ahead with a full-blown casino resort in Leggett near Lake Livingston.

B. Estimates of spending and wagering by Texans online and at casinos in neighboring states

Despite strong opposition to casino gaming and sports betting in the Texas Legislature, [survey after survey indicates a majority of Texans want the opportunity to bet legally](#). For example, a 2024 poll from the [Texas Hispanic Policy Foundation](#) found 56% of likely voters supported building and operating [destination casinos](#). And a [University of Houston poll](#) in January 2025 found that 73% of Texans support authorizing ["destination resort casinos"](#).

Support for casinos is consistent across the political spectrum, with [polls showing approximately 72% of Republicans and 74% of Democrats in favor of casino gambling](#). What is more, [around 90% of Texans support the idea of letting voters decide the issue through a constitutional amendment](#).

Because of limited legal wagering opportunities in-state, Texas gamblers have to go out-of-state, both physically and virtually, to place bets or play casino games. The sums wagered are enormous. For example, [a 2023 study by Ellers & Krejcik Gaming estimated that Texans currently wager more than \\$7 billion annually through illegal online sports betting](#). A [2025 update to their analysis projects a "mature handle" of up to \\$32 billion in sports betting that would generate more than \\$360 million in state revenue annually](#). The market for Texas sports betting is [considered to be the second- or third-most lucrative in the United States](#). Only New York and California have larger volumes.

A huge percentage of the handle at casinos in states surrounding Texas comes from Texas gamblers. Indeed, [Texans account for an estimated 85% of the business at casinos in Lake Charles, Louisiana](#). [Dr. Clyde Barrow of UT-Rio Grande Valley recently estimated that Texans spend about \\$5 billion annually at casinos in Nevada and bordering states, with half of that being wagered in Oklahoma](#).

Without question, if sports betting and casino gaming were legal in Texas a [sizeable percentage of this wagering, and attendant tax revenues, could be recaptured in-state](#).

C. The experience and impacts of select destination resort casinos of recent vintage

Casino gaming is now legal in some form in 24 states and has **become an important economic driver in many communities**. In what follows, we examine the economic and fiscal impacts of selected destination resort casinos.

1. WinStar World Casino and Resort in Thackerville, Oklahoma

WinStar bills itself as the nation's largest casino, as measured by square footage. Since opening in 2003, the facility has added three hotels and a huge entertainment center that seats up to 6500 people. Located 90 minutes north of Dallas and Fort Worth, **WinStar draws a huge share of its visitors from the DFW Metroplex**.

WinStar and other Chickasaw Nation operations directly support about 4000 jobs while the overall tribal gaming industry in Oklahoma is **estimated to directly and indirectly support tens of thousands of jobs across the state of Oklahoma and several Texas counties along the border**. The Chickasaw Nation's business operations, including WinStar, are estimated to currently **generate nearly \$1.52 billion in direct contribution to the local economy and an additional \$909 million in spillover production, combining for a total of \$2.43 billion in local economic output**.

Revenue from the casino has allowed the Chickasaw Nation to **invest in diversified business holdings and services for its community and the region**. For example, the Nation acquired a manufacturing facility in Marietta, Oklahoma, to save jobs when it was facing closure, demonstrating a positive spillover effect.

The casino and related tribal activities **generate significant tax revenue for Oklahoma state and local governments through various mechanisms**, including an "exclusivity fee," sales, and payroll taxes. The lion's share of these taxes is **paid by non-residents**. For fiscal 2023, the "exclusivity fee" alone generated \$75 million for state coffers. As one of the largest casinos in the world, WinStar is a major tourist attraction, drawing visitors from across the region and beyond, which stimulates local economic growth in surrounding communities.

2. MGM National Harbor in Oxon Hill, Maryland

Opened in 2016, and operated by MGM Resort International, National Harbor is a stone's throw from Washington and located just off the DC Beltway. The facility includes a hotel, a casino, ten restaurants, and a theater.

MGM National Harbor has **generated significant economic impacts, including job creation, substantial tax revenue for the state and county, and community benefits through local partnerships**. The resort is a major employer and a **significant contributor to Maryland's Education Trust Fund through gaming taxes**. It has also attracted local investment through construction contracts, created funding for local initiatives like senior assistance programs, and increased tourism in the region.

The resort has created more than 4,000 permanent jobs and hired a high percentage of Prince George's County residents. During construction, more than 6,000 jobs were filled and a large

number of contracts were awarded to minority-owned businesses. MGM National Harbor has generated over \$1 billion in contributions to the state's Education Trust Fund, funding public education priorities while Prince George's County has received tens of millions of dollars in revenue for projects like school improvements, public safety and infrastructure. Revenue from the casino also funds local programs such as grants for seniors to help with housing and utility costs, funding for youth employment and development programs, and support for health services and food security initiatives.

MGM National Harbor has boosted the local economy by awarding hundreds of millions of dollars in construction contracts and local business partnerships. In addition, the resort has a Community Benefits Agreement that includes a commitment to local hiring and procurement opportunities. Importantly, the resort has become a major destination, attracting millions of visitors to the area and boosting the local tourism industry.

3. Bally's Chicago

Located just two blocks west of the Magnificent Mile, Bally's is a downtown casino, unlike WinStar and National Harbor. Opened in 2023 as a temporary facility, the current location does not include a hotel. However a new casino is currently under construction in River West that will include a 34-story, 500 room luxury hotel. In the interim, Bally's offers free shuttle service between its casino and most downtown Chicago hotels.

To date, the economic impact of Bally's Chicago has been mixed. The temporary casino has consistently generated revenue far below initial estimates. As of early 2025, it had brought in approximately \$63.2 million in new tax revenue for the city since opening in September 2023, largely due to an upfront flat fee. The temporary operation has created more than 600 jobs and graduated over 200 students from its dealer training school.

However the permanent facility is anticipated by city and company officials to provide a significant long-term economic boost. The project is expected to create a total of approximately 3,000 construction jobs and 3,000 permanent jobs when fully operational. Bally's and city officials anticipate the \$1.7 billion development will serve as a catalyst for economic growth in the River West neighborhood, drawing tourists, boosting local businesses, and spurring other nearby developments.

Once fully developed, the new Bally's Casino and Hotel is expected to generate about \$200 million annually in state and local taxes. The project also includes commitments to community benefits, an annual \$4 million in fixed payments (partially for community benefits and the city's corporate fund), and an initiative allowing Chicago residents, specifically women and minorities, to invest in the project through an IPO.

4. Encore Boston Harbor in Everett, Massachusetts

Operated by Las Vegas-based Wynn Resorts, Encore Boston Harbor is located about four miles north of downtown Boston and a similar distance from Logan International Airport. The facility includes a casino, a 5-star hotel, seven restaurants, retail specialty shops, and a convention/event center.

Encore has been one of the largest generators of tax revenue in the state of Massachusetts since its opening in 2019, passing the \$1 billion mark last year. This revenue is in addition to the more than \$330 million Encore Boston Harbor has spent in surrounding community fees, payments in lieu of taxes, and Public Health Trust funding. The company has paid more than \$1.3 billion in total compensation and benefits to its 3,300 employees since the facility opened.

A study prepared by the University of Massachusetts-Amherst in 2022 estimated an annual economic impact of \$1.3 billion from Encore's operations, spending that supported more than 9,900 jobs across the Boston metropolitan region. The initial construction of the project generated an estimated \$2.6 billion in total economic activity and supported thousands of jobs.

In addition, the project's remediation of the Mystic River has improved water quality and restored a valuable recreational resource for neighboring communities.

As the above case studies illustrate, recently opened destination resort casinos have sizeable local economic impacts while supporting thousands of jobs. What's more, they've been major revenue generators for their states and local governments, providing new tax streams that help support education and other public service. Because these facilities cater mainly to "non-locals," out-of-towners wind up paying most of the taxes.

D.Potential economic, employment, and fiscal impacts of seven destination resort casinos in Texas

The State of Texas has the population, wealth, and existing demand for gaming activities to support several destination-resort style casinos. Texas is the second largest state by population and is perennially among the fastest growing. What is more, as mentioned above, gaming is a popular pastime for many Texas residents.

Still, in preparing our analysis of the potential economic and fiscal benefits that would attend the creation of commercial casinos in Texas, **we have taken a conservative approach in estimating potential revenues**, for two reasons. One reason for our caution in revenue assumptions is that the specific sites have not been identified, which will impact market potential. Secondly, **it is reasonable to assume that the existing casinos in surrounding states will work hard to retain their customer base**. Still, these limitations are normal market considerations and should have little impact on the construction and operations of **high quality resort style casinos in Texas**.

In what follows, we examine the economic and fiscal impacts from **seven integrated resort casinos across Texas**. We assume **two of the properties will be located in the Dallas-Fort Worth Metropolitan Area, with five additional resorts in other major Texas markets**. Each property will feature **casino gaming, sports betting, performing arts venues, restaurants, retail, and spa facilities**. Using the IMPLAN input-output model, we have quantified the direct, indirect, and induced economic effects during both construction and ongoing operations of these facilities and venues.

IMPLAN Model Methodology

IMPLAN (Impact Analysis for Planning) is a widely-used economic modeling system that traces spending through an economy using regional input-output tables. Developed originally for the U.S. Forest Service and now maintained by IMPLAN Group LLC, the model captures inter-industry relationships and household spending patterns specific to defined geographic regions.

Direct impacts represent the initial economic activity generated by a project, including construction expenditures, employee wages, and on-site operational spending. These are the jobs created at the casino properties themselves, wages paid to resort employees, and revenues generated from gaming and amenity operations.

Indirect impacts capture the ripple effects through the supply chain as businesses purchase goods and services from other firms. When a casino purchases food from distributors, linens from suppliers, or contracts with maintenance providers, those businesses in turn purchase inputs from their own suppliers, creating successive rounds of economic activity.

Induced impacts reflect the economic activity generated when employees of the directly and indirectly affected businesses spend their wages on housing, consumer goods, healthcare, and other household expenditures. These consumer spending patterns further stimulate the regional/state economy.

The IMPLAN model provides the following estimates:

- Economic Activity: total value of business transactions in producer prices
- Gross State/Region Product: equivalent to gross domestic product, also call “value added”
- Labor Income: salaries, wages, and benefits

- Employment: jobs expressed as person-years of employment (temporary during construction) and permanent jobs (during recurring operations)
- Government Revenues: revenues to state and local government entities including taxes, fees, and other revenue sources. **Does NOT include gaming taxes.**

Modeling Assumptions

Data on individual resort development and operational spending are generally not made public because of the competitive nature of the gaming business. However, based on media and industry reports, we can make reasonable, conservative assumptions regarding the magnitude and nature of spending and revenues to build and operate a competitive casino resort.

We estimate that the average cost of building each of seven casino resorts will be \$2.2 billion. Specific site features will cause this estimate to vary in land cost, construction complexity, and other factors. For modeling the impacts of this capital investment we allocate the assumed spending across several categories including:

- Land purchases
- Design and Engineering
- “Soft” costs (legal, permitting, financing, bonding, etc)
- Fixtures, furnishings, and equipment
- Gaming equipment.

For estimating the regional and state economic impacts of facility development, we exclude some categories of spending. Without knowing the specific sites, land purchases have the largest potential for variance in the total cost of development. Moreover, without knowing who owns the land, one cannot know where the proceeds of the land sale will be realized. Similarly, many of the soft costs associated with the development may or may not be spent in Texas. Interim financing could be secured from a lender based elsewhere, permit fees could vary substantially based on jurisdiction, and advisory services could be procured from firms based on states with existing gaming operations. Finally, we exclude the purchase of gaming equipment since that is a highly specialized and, to our knowledge, is not produced in Texas. In total, our estimates suggest that about 23% of total development costs will not directly impact the Texas economy. Still, even with that adjustment, the average development spending for each casino will be just under \$1.7 billion.

Recurring annual operating revenue for each of the seven casino resorts is estimated to average \$800 million. This revenue will come from:

- Lodging (hotel)
- Net gaming revenue
- Food and beverage sales
- Tickets for entertainment (shows and other events)
- Retail sales
- Spa services.

For modeling purposes, we have allocated these revenues to IMPLAN sectors based on industry reports with combined lodging, gaming, and food and beverage revenues representing about 85% of all receipts.

Dallas-Fort Worth Metropolitan Area Resorts

We assume two of the projected casino resorts will be located in the Dallas-Fort Worth Metropolitan Area. Combined spending to build these resorts is estimated at \$4.4 billion. This spending will generate more than \$5.8 billion in regional economic activity, boost gross regional product by \$3.3 billion, increase regional labor income by \$2.2 billion, and support 26,800

person years of employment.¹ (See Table 1.) This level of economic activity will boost state government revenues by \$67.5 million and local jurisdictions will share about \$66.6 million in new revenues during construction.

Annual operating revenues for the DFW properties are projected at \$1.6 billion combined at market stabilization. This level of spending will generate almost \$2.77 billion in economic activity each year, increase gross regional product by \$1.76 billion, and support more than 17,500 permanent jobs paying almost \$964 million in annual salaries, wages, and benefits. Gaming tax receipts are based on rates proposed in previous Texas legislative sessions and are shown without assuming how the funds would be allocated between state and local entities. Based on an assumed effective rate of 14.5% between gaming and sports betting revenue, the DFW resorts would generate about \$78.9 million in annual gaming tax revenue.

Table 1: DFW Economic and Fiscal Impacts

Impact Category	Construction Phase	Annual Operations
Direct Spending	\$4.4 billion	\$1.6 billion
Economic Activity	\$5.8 billion	\$2.8 billion
Gross Regional Product	\$3.3 billion	\$1.8 billion
Labor Income	\$2.2 billion	\$964 million
Employment	26,800	17,500 jobs
Local Tax Revenue	\$66.6 million	\$77.2 million
State Tax Revenue	\$67.5 million	\$76.2 million
Gaming Tax (State & Local)		\$78.9 million

Texas Resort Casinos

In addition to the two DFW area resort casinos, we assume five projects will be developed across Texas in markets yet to be designated, though the locations will likely be selected to maximize geographic coverage and market potential. For this modeling exercise, we assume that the total cost of developing all seven facilities will be \$15.4 billion. Naturally, there will be variations in costs across specific locations. But in sum, this new construction spending will increase total economic activity in Texas by \$21.3 billion, boost gross state product by \$11.7 billion, and support over 101,000 person-years of employment that generate \$7.7 billion in labor income (see Table 2).

¹ Construction projects of this magnitude typically take multiple years to complete. The most accurate way of describing the job impacts over a multi-year period is person-years of employment. In this case, if construction is completed in two years, this would mean that (26,800 person-years ÷ 2 years) would equate to an average of 13,400 jobs lasting for two years. Of course, total employment at a construction site varies depending on the stage of the construction activity.

Combined annual operating revenues and spending for the seven properties are projected at \$5.6 billion once the venues are fully developed. The IMPLAN model predicts \$9.9 billion in annual economic activity statewide from their operations while gross state product will jump by \$6 billion annually. Labor income will grow by more than \$3.2 billion while supporting more than 66,000 permanent jobs. State government revenues are projected to increase by \$288 million per year and local jurisdictions will share \$294 million in new annual revenues. Gaming tax revenues should total more than \$276 million annually.

Table 2: Texas Markets Economic Impacts (Seven Resorts Combined)

Impact Category	Construction Phase	Annual Operations
Direct Spending	\$15.4 billion	\$5.6 billion
Economic Activity	\$21.3 billion	\$9.9 billion
Gross Regional Product	\$11.7 billion	\$6.0 billion
Labor Income	\$7.7 billion	\$3.2 billion
Employment	101,300	66,300 jobs
Local Tax Revenue	\$260.9 million	\$294.1 million
State Tax Revenue	\$261.7 million	\$288.2 million
Gaming Tax (State & Local)		\$276.1 million

As the IMPLAN model suggests, the development of seven integrated resort casinos across Texas would generate substantial economic and fiscal benefits during both construction and ongoing operations. The multiplier effects will spread these benefits across the state while supporting employment and income across numerous industry sectors. Annual fiscal contributions exceeding \$850 million would provide sustained revenues for state and local government services.

As mentioned above, our projections of the economic and fiscal benefits from gaming operations in Texas are based on mid-range estimates from comparable resort casino developments in other states. Depending on project specifications, market conditions, and regulatory frameworks established for Texas gaming operations, the statewide economic and fiscal impacts could be considerably larger than our conservative estimates.

E. Summary and conclusion