

Moscow plays down impact of casino closures

Moscow (RIA Novosti) – Moscow's budget will not be severely affected by the closures of casinos and other gambling establishments, the Russian capital's deputy mayor said on Wednesday.

Under a 2007 law passed under then-president Vladimir Putin, gambling is to be moved from large cities to designated far-flung regions. Casinos in the capital and other cities are to disappear completely by July.

Responding to critics who say city budgets will lose millions of dollars in tax revenues, Sergei Baidakov said: „The closure of casinos and amusement arcades will not be an insurmountable problem for the city's economy. The budget may lose around 5.5 billion rubles (about USD 152 million), which is 0.55% of its revenue.“

Baidakov said there were now only 32 casinos and 517 other gambling establishments in the city, compared to 2,800 before the law was passed. He said gambling businesses would start receiving closure notices next week.

Baidakov pledged efforts to prevent illegal gambling, provide aid to gambling companies in launching new businesses, and help in employing people who will lose their jobs by July.

He said the law envisions fines for running an illegal gambling business of up to 50,000 rubles (USD 1,300) and a prison sentence of up to five years.

A total of about 40,000 people are currently employed in the gambling business in Moscow, the official said. He said most of them would not lose their jobs, as gambling companies plan to start new businesses.

The official said large casinos in the city center had already opened clubs, restaurants and shopping and entertainment centers. Casinos in residential buildings are likely to be converted into stores. He said some gambling companies were considering investing in the emerging gambling zones.

Casinos will only be allowed in the Altai Territory, Siberia, the Far Eastern Primoriye Territory, the Baltic exclave Kaliningrad, and in southern Russia, all of which are low-income regions. Authors said the move will curb gambling addiction in major cities and boost economic development in the poorer regions.

Investment in projects to build gambling sites in the designated regions has been slow, with the financial crisis tightening its grip on local governments and businesses.