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# The MICHIGAN GAMING Newsletter

For more information on Michigan's gaming industry, please visit [www.michingangaming.com](http://www.michingangaming.com)

*Editor in Chief:*

**David D. Waddell, Esq.**

Phone: 517.507.3859

[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst  
& Editor:*

**Robert R. Russell, II**

Phone: 517.507.3858

[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Reporter*

**Douglas L. Minke**

Phone: 313.221.9380

[minke@rmclegal.com](mailto:minke@rmclegal.com)

*Subscription information:*

[info@michingangaming.com](mailto:info@michingangaming.com)

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**RMC Ventures, LLC**

University Place Center  
333 Albert Ave, Suite 450  
East Lansing, MI 48823  
Phone: 517.507.3860  
Fax: 517.908.0235  
[www.rmclegal.com](http://www.rmclegal.com)



## MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR JANUARY 2008

The Michigan Gaming Control Board (MGCB) has recently released the January, 2008 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino.

Month in 2008	Total Adjusted Revenue 2008		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
January	\$46,637,248.81	\$39,366,692.84	\$27,534,937.58
<b>Total</b>	<b>\$46,637,248.81</b>	<b>\$39,366,692.84</b>	<b>\$27,534,937.58</b>

The figures released by the MGCB are the gross receipts less winnings paid to wagers. The figures do not include: 1) the 12.1% state share of the wagering tax; 2) the 11.9% City of Detroit portion of the wagering tax; 3) any fees or other relevant city, state or federal taxes; 4) wages and benefits paid to casino employees; and 5) payments to suppliers, service providers or vendors.

As MGM Grand Detroit has received a tax base reduction certification as a result of its facilities being declared “fully operational” by the MGCB in December, 2007, it is now subject to a wagering tax of 19%, with a 10.9% of this levy to go to the City of Detroit and 8.1% to be paid to the State of Michigan.

The three Detroit casinos’ total adjusted gross receipts for January, 2008 were \$113,538,879.23. Of this amount, the three Detroit casinos collectively paid to the state of Michigan \$11,872,714.43 and the City of Detroit \$13,044,754.14.

*(Continued on page 2)*

## INTERNET GAMBLING: PROPOSAL TO REGULATE AND TAX ON-LINE GAMBLING

On January 29, 2008 U.S. Representative Jim McDermott (D-WA) sent a letter to his fellow colleagues in Congress concerning the Internet Gambling Regulation and Tax Enforcement Act of 2007 (H.R. 2607). Rep. McDermott's letter stated, "regulating internet gambling could reclaim and generate between \$8.7 billion to \$42.8 billion over the first ten-year period (of enactment)." The Congressman's statement came in connection with a December 2007 analysis of internet gambling done by PricewaterhouseCoopers for UC Group.

In his letter to Congress, McDermott stated, "Instead of this ineffective attempt to prevent adults from gambling over the internet, we need a more sensible approach to protect consumers and ensure that revenues that now flow offshore stay here in the U.S. and are therefore subject to taxation. HR 2607 and HR 2046 would regulate internet gambling to make it safe for American consumers, and ensure that tax revenue that is currently forgone is collected."

McDermott's proposal would be a companion act in conjunction with H.R. 2046 and would ultimately seek to replace the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) which prohibits the transfer of funds from a financial institution to an internet gambling site.

The 'Estimate of Federal Revenue Effect of Proposal to Regulate and Tax Online Gambling' prepared by PricewaterhouseCoopers LLC, makes certain assumptions about how such a law would be structured which include:

1. Internet gambling licensees would be required to be incorporated in the United States, and senior management and computer equipment would be required to be located in the United States.
2. The wagering and occupational taxes applicable to land-based gambling would apply to licensees.
3. The administrative rules applicable to the wagering tax would apply, with appropriate changes, to the license fee, including penalties and interest for under payment, late payment, and failure to file.
4. Separate and more comprehensive income tax withholding and reporting rules would apply to proceeds arising from bets or wagers made with licensees.
5. Congress could authorize states to impose indirect taxes on licensees with respect to wagers placed from within their jurisdictions, whether or not the

licensee has nexus with particular state.

According to McDermott, "Before us is a tremendous opportunity to protect consumers and recoup billions of dollars that should be collected by the Internal Revenue Service."

## OHIO GAMING EXPANSION UPDATE

Ohio Governor Ted Strickland is seeking to add Keno to restaurants and bars in the state of Ohio as a way to expand the Ohio Lottery and help balance the state's potential budget shortfall which is estimated between \$733 million to \$1.9 billion.

Ohio Lottery officials estimate that the quick-draw Keno game will raise \$73 million a year in revenue.

Prior to this proposal, and since his time as Governor, Strickland has expanded the Ohio Lottery allowing the lottery to draw winning numbers on Sundays.

On another front and in response to efforts the state of Kentucky has made in moving toward possibly opening 12 casinos, Cincinnati City Councilman Jeff Berding has announced that he wants the Ohio General Assembly to consider putting a constitutional amendment on the November 4, 2008 ballot which would allow for full casino gambling at any Ohio county that borders a state that currently allows gambling.

According to Berding, the approval of casinos in Northern Kentucky "is a direct economic threat" to Cincinnati.

Ohio State Senator Bill Seitz was quoted on [www.cincinnati.com](http://www.cincinnati.com) as saying, "Given the fact that the legislative calendar is fairly full, I don't hold a great deal of hope that this would get certified to the ballot in time to vote on it in 2008."

A three-fifths "supermajority" of legislators would be necessary in order to pass the legislation, requiring 59 of 99 votes in the Ohio House and 20 of 33 votes in the Ohio Senate.

## VOLUME 14, ISSUE 5 CORRECTION

In the initial version of the February 7, 2008 *Michigan Gaming Newsletter*, there was an error in the story entitled, "Tribal Casino Update" as it related to the grand opening of the new Turtle Creek Casino &

*(Continued on page 3)*

Hotel. This story has been corrected. The correct version of the story reads as follows:

The Grand Opening of the new Turtle Creek Casino & Hotel is tentatively scheduled for Saturday, June 21, 2008. When complete, the \$120 million property will contain a seven-story, 137-room hotel, a casino with approximately 70,000 square feet of gaming space, a new restaurant and a 3,300 square foot ballroom. The existing Turtle Creek Casino is open during construction and provides complementary transportation to nearby hotels, including the nearby Grand Traverse Resort and Spa, which has undergone over \$14 million in renovations since the Grand Traverse Band Economic Development Corporation acquired it. More information about the Turtle Creek Casino and Hotel may be found at: [http://www.casino2win.com/turtle\\_creek/default.aspx](http://www.casino2win.com/turtle_creek/default.aspx)