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For more information on Michigan's gaming industry, please visit www.michigangaming.com

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The _____ MICHIGAN GAMING _____ Newsletter



AGA PRESENTS 11TH ANNUAL STATE OF THE STATES

Last week, the American Gaming Association (AGA) announced the release of the 11th annual *State of the States: The AGA Survey of Casino Entertainment*. The AGA's *State of the States* includes a detailed report of the national and state economic impact of commercial casinos, along with data which examines the continued growth of racetrack casinos.

According to the report, nationwide gross gaming revenues were still the second-highest ever at \$32.54 billion, which was 4.7 percent below the 2007 level. Nearly \$5.7 billion was generated for states and local communities through direct gaming taxes, while U.S. commercial casinos employed 357,314 people across the nation who earned \$14 billion in wages, salaries and benefits.

"The U.S. is grappling with the most severe economic downturn in more than a half-century, and – like nearly every industry – the commercial casino industry has been hit hard," said Frank J. Fahrenkopf, Jr., president and CEO of the AGA. "However, it continues to be an important provider of jobs and direct gaming taxes, helping states communities and families weather the economic storm."

According to the *State of the States* report, an estimated 65 percent of Americans and 84 percent of travel professionals agree that casinos are an important part of the tourism industry in the United States. Additionally, 82 percent of travel professionals from gaming states said local casinos encourage leisure travel to the region, while 90 percent of those professionals in non-gaming states agree that their states could attract more visitors if casinos were present.

The report also indicates that the overall acceptability of the gaming industry remains high, as 81 percent of Americans think casino gaming is an

acceptable activity for themselves or others.

In addition, this year's report takes a look at economic contributions of the gaming equipment manufacturing sector while examining casino visitation and social acceptance. Notably, data shows that the total direct economic output of the gaming equipment manufacturing sector was \$12.7 billion in 2008, up 6.7 percent from 2007, while employing over 29,000 people who earned \$2 billion in wages.

According to the report, in 2008, the racetrack casino sector continued to grow with gross gaming revenues of \$6.19 billion, a 17.2 percent increase from 2007. This increase was due in large part, to the racetrack casino expansion in both Pennsylvania and Indiana. Race track casinos generated tax receipts of \$2.63 billion in 2008, employing over 29,000 people.

Figures reported by the AGA's *State of the States* report for the state of Michigan's three commercial casinos in Detroit note the following statistics for 2008: 8,568 people were directly employed; \$321.63 million in gaming taxes were paid to the state of Michigan and city of Detroit; \$481.11 million was paid in employee wages; and, as a whole, the three Detroit Casinos generated \$1.36 billion in total revenue.

To obtain a complete copy of the survey please visit the AGA's website at www.americangaming.org.

NEW U.S. BORDER RULES TO TAKE EFFECT JUNE 1

On Monday, June 1, the United States government will start requiring U.S. citizens traveling in the Western hemisphere to provide either a passport, or one of five other forms of secure identification, at land and sea ports as proof of citizenship.

According to U.S. State Department representative Melissa de la Tejera, "Entry to the U.S. of a returning American citizen will not be refused. But they might experience some delays until the Border Patrol is satisfied."

The new identification requirements are a result of the Western Hemisphere Travel Initiative, a federal law which seeks to standardize travel documents for travel across the U.S. border and tighten border security.

Currently, the U.S. customs officials ask for a driver's license and a birth certificate at the U.S. border to prove identity and citizenship. Children under the age of 16 will only have to show a copy of their birth certificate.

Caesars Windsor has been conducting numerous educational and promotional initiatives in order to help inform their customers about the new June 1st requirements. In addition, the Convention & Visitors Bureau of Windsor Essex County & Pelee Island has created a website: www.crossingmadeeasy.com to helping inform visitors to Canada using the Detroit/Windsor border how to obtain the necessary documentation needed to comply with the June 1 requirements.

HORSE RACING SCHEDULE CUTS

Due to state budgetary issues, Michigan's five horse racing tracks will likely be facing cuts in their live racing schedules.

A recent Executive Order issued by the Governor Jennifer M. Granholm includes a \$1.4 million reduction to the Office of Racing Commissioner's budget. To comply with the Order, a significant reduction in racing dates is likely.

The state currently provides veterinarians, stewards and drug testing at tracks in addition to licensing and investigative staff. Under the currently proposed budget cuts, money for these services would be reduced.

The horse racing industry has been working with the Office of Racing Commissioner to try to find a workable solution.

During 2008, the Michigan pari-mutual horse racing industry held a total of 1,737 days of live and simulcast racing with more than 1.1 million

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visitors attending who wagered more than \$231 million. Additionally, Michigan's horse racing industry generated over \$7.4 million in state tax revenue during 2008.

SMOKING BAN LEGISLATIVE UPDATE

On Tuesday, May 26, the Michigan State House approved House Bill 4377 (HB 4377) which would ban smoking in public places and places of employment, and in food service establishments (such as restaurants, cafeterias, food courts in shopping malls, and bars). Under the legislation as passed by the House exceptions would be made for cigar bars and tobacco specialty retail stores, for gambling areas of the Detroit casinos, and for home offices. The bill now goes to the state Senate for consideration.

HB 4377 was introduced in February by Representative Lee Gonzales (D-Flint Township) and, as currently drafted, provides for an exemption from the smoking ban for the Detroit casino gaming floors. It was identical to legislation passed by the state House last year, which was ultimately rejected by the Senate. Tuesday's House vote was passed by a margin of 73-31.

Notably, during a March 25, 2009 House Committee hearing concerning HB 4377, MGM Grand Detroit president and COO Lorenzo Creighton provided testimony regarding the proposed statewide smoking ban. Mr. Creighton testified that a statewide smoking ban in public places would cut casino business by 11 to 22 percent in the first year of implementation, based on industry figures reflected when similar bans went into effect in Delaware, Illinois, Colorado and Windsor, Ontario. At the same March hearing, Bruce Dall, CFO for MotorCity Casino, also provided testimony emphasizing that a ban would likely create a combined workforce loss of an estimated 750-1,500 employees at the three Detroit commercial casinos.