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

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# The MICHIGAN GAMING Newsletter



## AGA RELEASES NEW INDUSTRY RESOURCE

The American Gaming Association (AGA) has released the newest edition of its comprehensive resource on the casino gaming industry entitled, "Facts at Your Fingertips." The publication serves to provide information and resources about the U.S. commercial casino industry.

In an overview of the industry, the publication highlights the five types of legalized gaming - charitable, commercial casino, lotteries, Native American gaming, and pari-mutuel wagering - and their impact in the United States. A brief history of the modern commercial casino industry is also provided dating back over 75 to years when Nevada first legalized casino gaming in 1931. The publication goes onto further discuss today's commercial casino industry and its important role in the U.S. entertainment industry and the U.S. economy. Through the creation of jobs and business opportunities for the local communities where commercial casino companies operate, the publication emphasizes how vital commercial casinos are to the growth of states, communities, and the overall struggling economy.

The publication also focuses on the most recent industry initiatives including diversity in the workplace and responsible gaming. The success of the industry's diversity efforts is measured in two reports, *Gaming Industry: Employment Diversity Snapshot 2008* and *Gaming Industry: Spend Diversity Snapshot 2008*. The reports were gathered by PricewaterhouseCoopers LLP and reveal that casinos employed a greater percentage of minority workers than that of the U.S. workforce in 2007. Furthermore, in 2007, casinos purchased more than \$631 million in products and services from diverse vendors.

"Facts at Your Fingertips" summarizes the results of key research studies that have been done on the impact of casinos on their host communities, both

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economically and socially. Overall, research has revealed that casinos have a largely positive impact on the community, dispelling common myths about underage gambling and gambling disorders. On a more local level, the AGA includes a quote from an unpublished dissertation entitled *Impacts of Detroit Casinos on the Local Community* (2002) by Omar Moufakkir and Donald Holecek, of Michigan State University:

“It appears that Detroit’s casinos are effective in contributing to the tourism activity in the community: 1) They are effective in attracting tourists and generating new money in the area. 2) They generate taxes and employment. 3) They contribute to other community tourism-related businesses. On the other hand, crime volume did not increase following casino gaming development in the city. In addition, it was found that bankruptcy filings in Detroit did not increase a year after the casinos opened in the city”

The publication goes on to provide a glossary of gaming terms for the reader as well as a list of the commercial casino industry’s prominent national organizations and events.

For more information or to read “Facts on Your Fingertips” online, please visit [www.americangaming.org](http://www.americangaming.org).

## **MICHIGAN SMOKING BAN LEGISLATIVE UPDATE**

On Wednesday, March 25, 2008, MGM Grand Detroit President and COO Lorenzo Creighton provided testimony to the House Regulatory Reform Committee regarding a 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.

Bruce Dall, CFO for MotorCity Casino, also provided testimony emphasizing that a ban would likely create a combined expected workforce loss of an estimated 750-1,500 employees at the three Detroit commercial casinos.

The issue of a proposed smoking ban in Michigan restaurants, bars and public places was re-examined last Wednesday as the House Regulatory Reform Committee began holding a series of hearings on the topic. The House Committee has several bills before it that address the topic of a smoking ban and the chairman of the Committee, Rep. Bert Johnson (D-Highland Park) has said he plans to hold a committee vote on the various bills next week in advance of the spring recess.

Historically, in December of 2007, the Michigan House of Representatives passed a smoking ban which allowed an exemption from this prohibition for the Detroit casinos and cigar bars. On May 8, 2008, the Michigan Senate passed its substitute version for the bill, which provided for a “total” smoking ban, and removed the exemptions for cigar bars and the Detroit casinos. This Senate Substitute for HB 4163 was defeated in the Michigan House in September. Leadership from both chambers agreed to send the measure to a “conference committee” to seek to reach a compromise, however, no agreement was reached before the end of the 94th Michigan Legislative session.

As a result of Tribal sovereignty, Michigan’s Native American casinos currently operating under Class III Gaming Compacts entered between the various Michigan tribes and the State of Michigan would not be subject to a state imposed smoking ban. Thus, Native American casinos would be at a competitive advantage over the Detroit’s commercial casinos, if such legislation were to pass.

## **NORTHVILLE DOWNS APPEALS FEDERAL COURT DECISION**

On Tuesday, Northville Downs, the harness race track located in Northville, Michigan, filed a Notice of Appeal in its federal court case

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challenging the constitutionality of Proposal 1 of 2004 (Proposal 1), a ballot initiative which amended the Michigan Constitution to require both a statewide and local vote before any additional gaming expansion can occur. Horse racing interests in Michigan have long viewed Proposal 1 as a major obstacle in seeking to allow alternative forms of gaming at the tracks, such as slot machines or video lottery terminals.

On February 25, 2009, and after hearing oral arguments from the parties, Judge Avern Cohn of the United States District Court for the Eastern District of Michigan dismissed the lawsuit filed by Northville Downs and Mt. Pleasant Meadows, and issued a judgment in favor of Michigan Governor Jennifer Granholm, Michigan Attorney General Mike Cox and intervening defendant, MGM Grand Detroit, LLC. Judge Cohn's decision effectively reinforced Proposal 1 and its corresponding requirement for both a statewide and local vote before additional gaming expansion can occur.

Northville Downs will now attempt to seek relief from the United States Court of Appeals for the Sixth Circuit, which sits in Cincinnati, Ohio. The Sixth Circuit has yet to order a briefing schedule in this matter.

## OHIO CASINO PETITION UPDATE

On Wednesday, March 25, 2009, supporters of a proposed petition to permit casino gaming facilities in the cities of Cleveland, Cincinnati, Toledo and Columbus, Ohio, re-submitted language to Ohio Attorney General Richard Cordray. Previous casinos petition language, which was submitted by the Ohio Jobs and Growth Committee, was ruled as too vague by Attorney General Cordray.

The newly submitted petition includes detailed locations of the proposed casinos in Cleveland, Columbus, Cincinnati and Toledo, as well as a clarification of certain legal issues. In addition, the amended petition makes clear that, if approved, it would have no impact on the conduct of the state lottery or bingo in Ohio.

The proposal is currently awaiting approval

before the 402,275 required signatures may begin to be collected from across the state. Valid signatures must be filed with the Secretary of State by July 1, 2009 in order for the proposal to qualify for the November 2009 election ballot.

The Ohio Jobs and Growth Committee is backed by such figures as Quicken Loans CEO and Cleveland Cavaliers owner Dan Gilbert, former U.S. Congressman and former Mayor of Cincinnati Charlie Luken and Penn National Gaming. For more information regarding the Ohio Jobs and Growth Committee, please visit: [www.ohiojobsandgrowth.org](http://www.ohiojobsandgrowth.org).

*The Michigan Gaming Newsletter would like to thank Julianne Portugues for her contributions to this newsletter.*