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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR APRIL, 2012

The Michigan Gaming Control Board (“MGCB” or “Board”) released the April, 2012 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, revenue for the Detroit Market was down 1.6% in April, 2012 from the same reporting period last year. Specifically, revenue for MGM Grand Detroit Casino and MotorCity Casino was down by 0.1%, and 5.2%, respectively while revenue for Greektown Casino was up 0.7% during April, 2012 in comparison to the same month last year.

Month in 2012	Total Adjusted Revenue 2012		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,869,082.24	\$36,708,630.10	\$29,607,452.04
February	\$53,443,696.53	\$42,922,456.88	\$32,560,470.47
March	\$57,181,553.70	\$43,543,183.32	\$34,602,503.13
April	\$52,125,745.86	\$39,350,932.55	\$31,868,439.41
Total	\$210,620,078.34	\$162,525,202.85	\$128,638,865.05

The market shares for MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino for the month of April, 2012 were 42%, 32% and 26%, respectively.

All three casinos are subject to a wagering tax of 19%, with 10.9% of this levy to go to the City of Detroit, and 8.1% to be paid to the State of Michigan.

Month in 2012	Total Adjusted Revenue 2012		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$114,185,164.38	\$9,248,998.32	\$12,446,182.92
February	\$128,926,623.88	\$10,443,056.60	\$14,053,002.00
March	\$135,327,240.15	\$10,961,506.45	\$14,750,669.18
April	\$123,345,117.82	\$9,990,954.54	\$13,444,617.84
Total	\$501,784,146.23	\$40,644,515.84	\$54,694,471.94

The figures released by the Michigan Gaming Control Board are the gross receipts less winnings paid to wagers. The figures do not include: 1) any fees or other relevant city, state or federal taxes; 2) wages and benefits paid to casino employees; 3) payments to suppliers, service providers or vendors; and 4) other normal business expenses.

HOUSE BILL SEEKS TO ALLOW CITY LOTTERIES

On Wednesday, May 9, 2012, State Rep. Jimmy Womack (D-Detroit) introduced [House Bill 5608](#) (“HB 5608”) that would amend the state lottery laws to allow Michigan cities to operate their own lottery games. HB 5608 follows a similar bill, [House Bill 5417](#) (“HB 5417”), that seeks to allow the City of Detroit to operate a city-run lottery.

According to the HB 5608, the lottery commissioner would be authorized to establish lottery games that are run by Michigan cities. City lotteries would be conducted under the same sets of laws and regulations that govern the state lottery. If passed, the bill would establish a City Lottery Fund within the State Treasury that would receive all proceeds from city-run lotteries, pay winnings, and make distributions of the revenue received.

The proceeds from city-run lotteries would be distributed to cities with populations of 600,000 or more after all winnings had been paid and administrative costs accounted for. According to the 2010 Census, the only city that would qualify for distributions under the bill’s current language is the City of Detroit. However, if any other city sees an increase in total population over 600,000, then the bill states that the money would be distributed proportionately according to population.

HB 5608 is similar to the language put forth in HB 5417, introduced on February 21, 2012 by Rep. Womack. However, HB 5608 removes much of the details regarding the regulation of city-run lotteries that is included in HB 5417, instead delegating this authority to the state Lottery Commissioner and the administrative rule process. In addition, HB 5608 would create a single City Lottery Fund within the State Treasury that would hold funds for all city-run lotteries in the state, whereas HB 5417 would require the local legislative body to establish its own fund to maintain proceeds from the city-run lottery.

HB 5608 has been referred to the House Committee on Regulatory Reform.

(Continued on page 3)

DETROIT METRO AIRPORT OFFERS MICHIGAN LOTTERY AT TERMINALS

On April 30, 2012, the Michigan Lottery announced that Detroit Metro Airport has officially begun offering lottery games to patrons in the McNamara and North Terminals. Games include instant tickets, Club Keno and draw games like Mega Millions and Powerball.

The Airport's McNamra Terminal features seven automated Lottery-to-Go vending locations and seven restaurant locations, where patrons can also play Club Keno. The North Terminal features six automated Lottery-to-Go vending locations and three restaurants that also offer club Keno.

"We are thrilled with the partnership we have forged with the Airport Authority and its concessionaire partners at Detroit Metro Airport," said Lottery Chief Deputy Commissioner Tom Weber. "We have had countless inquiries from people who are planning a trip that takes them through Metro, asking if there is a place there to buy Lottery tickets. We are pleased to now have options available for them."

For additional information, please visit the Lottery's Web site at www.michiganlottery.com.

AGA REPORT SHOWS COMMERCIAL CASINO REVENUE GROWTH IN 2012

On Wednesday, May 9, 2012, the American Gaming Association (AGA) announced that it released its annual report, *State of the States: The AGA Survey of Casino Entertainment*. The report shows national gross gaming revenues increased by 3 percent in 2011 when compared to 2010 to a total of \$35.64 billion.

"These positive 2011 economic figures are welcome news to our industry, our employees, and the communities where we operate," said Frank J. Fahrenkopf, Jr., president and CEO of the AGA. "While the recovery is ongoing and the commercial casino industry is not monolithic, the data paints an optimistic picture."

Notably, the report shows that the Detroit market fared well, ranking fourth in the top twenty U.S. casino markets and bringing in \$1.42 billion in revenues. In 2011 the Detroit market employed more than 7,300 workers. In Pennsylvania, gaming revenue increased by more than 21 percent in 2011, while Nevada, had a 2.9 percent increase. Furthermore, the commercial casino gaming industry employed more than 339,000 people and contributed \$7.93 billion in tax revenues throughout the U.S.

Additionally, the *State of the States* report provides other gaming industry sector information. Specifically, it reports that the gaming equipment manufacturing sector directly generated \$12.3 billion in revenue in 2011, a 7 percent increase from 2010. Gaming equipment manufacturers also employed 30,300 people. According to the report, there were more than 837,000 gaming machines in operation throughout the U.S. in 2011.

The report also states that 83 percent of elected officials and civic leaders in gaming jurisdictions say that the overall impact of casinos in their area has been positive. The same percentage also states that the introduction of casinos has met or exceeded their expectations.

Importantly, the *State of the States* report highlights public polling data showing that 27 percent of the U.S. adult population visited casinos during 2011. More than 80 percent of the U.S. adult population also view casino gaming as acceptable for themselves or others.

The *State of the States* report offers an in-depth look at the commercial casino industry and provides national and state-by-state economic impact data. A full copy of the 2012 *State of the States* can be downloaded at www.americangaming.org.

OHIO CASINO UPDATE

Ohio Casino Control Commission Approves Operator's License for Toledo Casino

At its meeting on May 9, 2012, the Ohio Casino Control Commission ("OCCC"), by a

(Continued on page 4)

unanimous vote, approved licenses for Penn National Gaming, Inc. and its subsidiary, Toledo Gaming Ventures, Inc., paving the way for the opening of the Hollywood Casino Toledo on May 29th. Hollywood Casino Toledo is a 290,000 square foot facility which will feature a 120,000 square foot gaming floor with more than 2,000 slot machines and 80 table games. The OCCC's decision to license Penn National Gaming comes just one week after it issued a casino operator's license to Rock Ohio Caesars Cleveland, LLC, which will open its Horseshoe Casino Cleveland on Monday, May 14th.

Penn National Gaming is also currently building the Hollywood Casino Columbus, located off I-270 in Columbus, Ohio. This casino facility will feature a 160,000 square foot gaming floor with more than 3,000 slot machines, a 30-table poker room and more than 70 table games. The Hollywood casino Columbus is tentatively set to open in late-2012.

Gaming Regulation Bill Passes Ohio Senate

The Senate substitute for House Bill (H.B.) 386, a wide-ranging measure that revises the regulatory structure governing commercial casinos, horse racing and lottery operations, passed the Ohio Senate by a vote of 29-3 on Wednesday, May 9th. Prior to taking a vote on the 257-page bill, the Senate Government Oversight and Reform Committee removed language in the measure that would extend the ability to operate charity card rooms to all of Ohio's 88 counties - - a provision that was added to H.B. 386 last week and drew public criticism, including negative comments from Ohio Governor John Kasich. Though this expansion of charity card rooms has been removed from H.B. 386, Senate committee chairman Bill Coley (R-4th Dist.) said that he believes the measure will be taken up in a separate bill.

Despite the senate substitute for H.B. 386 passing the Senate by an overwhelming margin, the measure was roundly rejected by a later vote in the Ohio House of Representatives, which means the bill is now sent to a negotiation committee in an attempt to reconcile the versions of the bill passed by each chamber. The Speaker of the House, Representative William Batchelder (R-Medina), has stated publicly that he has been advised by the OCCC that nothing in the bill needs to be finalized

before the opening of the Horseshoe Casino Cleveland on Monday.