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The _____ MICHIGAN GAMING _____ Newsletter



MGCB NOTICE OF PUBLIC MEETING (DATE CHANGE)

Today, the Michigan Gaming Control Board (“MGCB”) announced that it will hold its regular public meeting on Wednesday, December 12, 2012 at the MGCB Detroit office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, Detroit. The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the regular agenda items. The Cadillac Place is located within Detroit's New Center Area near the John Lodge Freeway (M-10), between Second Avenue and Cass Avenue. The Fisher Building and the Albert Kahn Building are nearby landmarks.

The purpose of the Board meeting is to conduct Board business regarding the implementation, administration and enforcement of the provisions of the *Michigan Gaming Control & Revenue Act*, as amended, Public Act 69 of 1997, MCL 432.201, et seq (“the Act”), related to the licensing, regulation and conduct of casino gaming in the City of Detroit.

The meeting is open to the public and questions, comments and suggestions from the public regarding Board business and the licensing, regulation and conduct of casino gaming in Detroit under the Act, are welcomed and encouraged during the public comment portion of the meeting.

HORSE RACING BILL REFERRED OUT OF MICHIGAN SENATE COMMITTEE

On Thursday, November 29, 2012, the Michigan Senate Committee on Agriculture voted to favorably report [House Bill 5546 \(“HB 5546”\)](#) to the full Senate. The bill would overhaul the state’s horse racing industry and

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authorize forms of electronic gaming at horse tracks. The bill was passed in the House on November 8, 2012.

The Bill, introduced this April by Rep. Kevin Daley (R – Lum), seeks to update statutory horse racing requirements to reflect the role of the MGCB Executive Director to act in the capacity of Racing Commissioner and to expand the type of wagering that occurs at tracks to allow wagering on historic races utilizing electronic machines.

The legislation would allow the use of “Instant Racing” machines, which look and operate much like slot machines, and allow users to wager on historical races. The machines use data from past races and provide the user with a limited amount of information about the horses to assist in determining the wager. The video display can appear much like a slot machine or video lottery terminal, but the determination of winners is purportedly based on the outcomes of the past races.

The Michigan Constitution (as amended by Proposal 1 of 2004) requires both statewide and local voter approval of any new form of gambling authorized by law after January 1, 2004. Opponents of the Legislation have indicated that the electronic-game portions of the proposed legislation are unconstitutional under this provision. Recent amendments to the Bill state that all electronic wagering allowed under the Bill would be “limited to wagering on the results of horse races, but include all technology and innovations related to horse races and wagering on the results of horse races that may exist now or in the future.”

At Thursday’s Senate Committee hearing, Mr. Dan Adkins, Vice President of Hazel Park Raceway, testified that the present bill language strictly limits wagering to only pari-mutuel wagering, which is currently legal under state law. Mr. Adkins further noted that the proposed Bill would not authorize any new form of gambling, but instead would allow the horse racing industry to offer existing forms of wagering through new technologies.

Mr. Marvin Beatty, Vice President of Public Relations for Greektown Casino, and Ms. Jacci Woods, Vice President of Public Affairs for

MotorCity Casino, stated that if expanded gaming activity is to be authorized, statewide and local voter approval must be obtained prior to any new expansion because of Proposal 1 of 2004. Mr. Beatty further noted that current law sets forth a clear process, established by a voter-initiated constitutional amendment, which should be followed whenever any such new form of gaming is proposed.

Notably, Dave Marley, a representative for Governor Snyder, submitted a card to the Committee indicating that the Governor is currently opposed to the legislation without further comment.

In order to become law, the bill must now be approved by a majority of the Senate, and approved by the Governor. It would also likely have to survive a court challenge under the Michigan Constitutional provisions discussed above.

MICHIGAN LEGISLATIVE UPDATE

Below are summaries concerning the most recent legislative action on gaming-related bills currently before the Michigan Legislature, including advertising during Club Keno games, preventing online Michigan Lottery ticket sales, recreational senior citizen wagering in approved facilities, and limiting welfare benefits of Michigan Lottery winners.

Charitable Gaming Bills

[House Bill 5434 \(HB 5434\)](#) – This bill, introduced on February 23, 2012 by Rep. Tom McMillan (R-Rochester Hills), would amend the Traxler-McCauley-Law-Bowman Bingo Act (“Bingo Act”) to limit the amount of expenses that a licensed charitable organization could pay a supplier or other service provider in connection with assistance in operating a millionaire party. Those licensed organizations would not be allowed to “incur or pay expenses” related to the gaming event in excess of 25% of the gross proceeds from the event. The bill has been referred to the House Committee on Regulatory Reform.

[House Bill 5435 \(HB 5435\)](#) – This bill, also
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introduced on February 23, 2012 by Rep. McMillan, would establish licensing procedures and fees for venues that host millionaire parties. The bill would amend the Bingo Act and require a written application, \$1,000.00 annual fee, \$200.00 monthly fee, and \$50.00 weekly fee for operating a venue. Licenses would be issued annually and would run from March 1 to the last day of February. The bill has been referred to the House Committee on Regulatory Reform.

[House Bill 5436 \(HB 5436\)](#) – HB 5436 was introduced on February 23, 2012 and would amend the Bingo Act to allow a local unit of government to limit the number of millionaire parties conducted per month, within its jurisdiction. The bill was introduced by Rep. McMillan and has been referred to the House Committee on Regulatory Reform.

Lottery Bills

[House Bill 5437 \(HB 5437\)](#) – Introduced by Rep. Dale Zorn (R-Ida) on February 23, 2012, this bill would require the Bureau of Lottery to determine whether a winner of a prize over \$1,000.00 has any current liability to the state unemployment insurance agency prior to awarding the prize. If the winner has a debt to the agency, then the amount of the debt would be deducted from the winner's award prior to payment. The bill was passed by the Michigan House on June 14, 2012 and on November 29, 2012, it was reported favorably without amendment out of the Senate Committee on Reforms, Restructuring and Reinvesting for immediate effect.

[Senate Bill 5009 \(SB 5009\)](#) - Introduced on September 27, 2011, by Rep. Pete Lund (R-Shelby Twp.), this bill would amend the state penal code to allow senior citizen centers to conduct card games with limited betting. The bill would allow senior citizen centers or a group of at least fifteen members who are 60 years of age or older to conduct and participate in card games. Players would be limited to paying a maximum of \$5 to enter the game, would not be allowed to bet more than 25¢ per bet, and the maximum win from any single hand could be \$5. The bill has passed the House and Senate and on June 6, 2012, a motion for immediate effect in the House was postponed temporarily. To date, no further developments have occurred. Under the Michigan Constitution,

unless the bill is given immediate effect, it will not take effect until 90 days after the current legislative session. To become law, the bill must also be presented to the Governor who has the opportunity to veto it.

[House Bill 5417 \(HB 5417\)](#) – This bill was introduced on February 21, 2012 by Rep. Jimmy Womack (D-Detroit) and would allow certain cities to establish and run independent lotteries. If passed, cities with a population of over 300,000 could create a city-run lottery, after receiving approval by local voters. In order to operate these lotteries, the city would be authorized to contract with outside operators, to establish city lottery commissions, and to put forth licensing rules and regulations for the sale of city lottery tickets. The bill has been referred to the House Committee on Regulatory Reform.

[Senate Bill 1003](#) – This bill was introduced on March 6, 2012 by Sen. Green (R-Mayville) and seeks to amend the Lottery Act to prevent the Michigan Lottery Commissioner from participating in the sale of state lottery tickets over the internet. On March 6, 2012, the bill was referred to the Committee on Regulatory Reform. Notably, in a recent Press Release the State Lottery indicated that such sales might start to occur next April.

GUN LAKE DISBURSES REVENUE SHARING PAYMENTS

On November 27, 2012, the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (Gun Lake Tribe) announced details of its fourth revenue sharing payment to the state and local governments. The semi-annual distribution granted the state \$7,002,443 while local governments and municipalities received \$1,679,512. The local payments are calculated based on 2 percent of net win from electronic gaming devices, while the state payment is based on a sliding scale from 8 to 12 percent, based on gaming revenue earned between April 1, 2012 to September 1, 2012.

The payments to the Local Revenue Sharing Board are distributed to local municipalities for

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costs incurred due to the operation of the casino; public safety services; and replacement of property tax revenue.

The payments are made under the terms of the tribal-state gaming compact and do not include charitable donations. The Gun Lake Tribe noted that since the Gun Lake Casino opened two years ago, the Tribe has now shared a total of \$27,136,145 with state and local governments.

Gun Lake Casino opened in February 2011 and currently employs more than 800 individuals. For more information about the Gun Lake Casino, please visit www.gunlakecasino.com.

MICHIGAN LOTTERY CELEBRATES ITS 40TH ANNIVERSARY

On November 13, 2012 the Michigan Lottery held a ceremony in celebration of its 40th anniversary. Among those in attendance were former Michigan Lottery Commissioners Tom Weber, Don Gilmer, Jerry Crandall, Mike Carr, Gus Harrison, as well as current commissioner M. Scott Bowen.

During the 2012 fiscal year, the Lottery has made record contributions of over \$770 million to the Michigan School Aid Fund. Since November of 1972, the Lottery has generated over \$17 billion for public education while paying out \$26.8 billion in prizes to players .

Notably, Lottery Commissioner Bowen stated that the Lottery now intends to develop online ticket sales over the next year. “Our next logical step is to sell tickets over the Internet. We hope to be able to present this to our players by this time next year”. Last year, the US Department of Justice confirmed a ruling to allow for internet wagers. However, a bill (above) has been introduced by Michigan Senator Green (R-Mayville) to block the sale of lottery tickets over the internet. Senate Bill 1003 has been in front of the Senate’s Committee on Regulatory Reform for review as of March 6, 2012.

For more information on The Michigan Lottery’s

distributions of revenues, annual reports, and news, please visit www.michiganlottery.com

The Michigan Gaming Newsletter would like to thank Scott Nuyttens for his contributions to this Newsletter.