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The _____ MICHIGAN GAMING _____ Newsletter



MICHIGAN TRIBAL ISSUES UPDATE

Last week, *The Michigan Gaming Newsletter* provided an overview of key issues that broadly affect Native American gaming across the country. This week's coverage focuses on the issues affecting specific Michigan tribes and their gaming operations.

Gun Lake Revenue Payments to State Cease Due to Lottery Activities

Under its State-Tribal Gaming Compact, Gun Lake in the past provided semi-annual revenue payments to the state based upon a sliding scale of between 8-12 percent of net win from electronic games of chance. Gun Lake separately provides payments to local units of government to mitigate costs associated with the operation of the Gun Lake Casino, calculated as 2 percent of net win from electronic games of chance.

As of June 1, 2015, Gun Lake ceased providing its state payments based upon the tribe's interpretation of its State-Tribal Gaming Compact.

The compact has provisions providing for a reduction and/or cessation of revenue payments if the state introduces competing forms of gaming in the Tribe's exclusive territory. Under the Indian Gaming Regulatory Act, states are prohibited from taxing tribes, and past precedent has only allowed states to share in revenue if the tribe receives something of value in return in the compact (such as an exclusive territory).

Several media reports have indicated that Gun Lake believes that the state's authorization of online lottery sales and certain new gaming machines violates the exclusivity provision in the tribe's market area.

On Monday, August 17, 2015, the Michigan Economic Development Corporation (“MEDC”) issued a statement partially attributing potential staffing cuts to the cessation of semi-annual revenue payments from the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (“Gun Lake”).

“We have experienced a steep reduction in our current year MEDC Corporate revenue, stated Steve Arwood, Chief Executive Officer of the Michigan Economic Development Corporation. “The Gun Lake Tribe has a dispute with the state of Michigan regarding the terms of their compact and ceased making payment on June 1. The current budget year impact is approximately \$7 million dollars to our operating budget. It is not known when the dispute may be resolved. As this is a bi-annual payment, the revenue implication could be double over a full fiscal year.”

Proposed Lansing Casino

In early August, the *Lansing State Journal* reported that Lansing Mayor Virg Bernero remained confident that a proposed tribal casino for downtown Lansing would be approved by federal officials. Mayor Bernero reportedly stated that he had received encouraging information from federal officials on allowing the Sault Ste. Marie Tribe of Chippewa Indians (“Sault Tribe”) to acquire land for the purposes of building a casino facility.

The development is currently subject to litigation between the Sault Tribe and the State of Michigan. The State filed the lawsuit in September 2012 after the Sault Tribe sought to have certain lands in downtown Lansing taken into trust by the federal government for the purposes of using the land for a casino development. The initial suit was dismissed by mutual agreement of the parties after the Supreme Court issued its opinion in *Michigan v. Bay Mills Indian Community*, which affected the claims in the Sault Tribe suit. The State subsequently filed an amended complaint on February 3, 2015, arguing that the Sault Tribe’s attempts to take the Lansing land into trust would violate its State-Tribal Gaming Compact. In March, the Sault Tribe filed a motion to dismiss the suit on sovereign immunity and procedural grounds. While the court held a hearing on June 17, 2015 on the motion, it has yet to issue its ruling.

The case is *State of Michigan v. Sault Ste. Marie Tribe of Chippewa Indians, et al*, US District for the Western District of Michigan, Case No. 1:12-cv-00962.

AGA URGES CONGRESS TO PASS CYBERSECURITY BILL

On August 5, 2015, the American Gaming Association (“AGA”), in partnership with several other business associations, submitted a letter urging Congress’s support in enacting cybersecurity legislation that would help to protect gaming facilities from cyber attacks and encourage information sharing between the government and the business community. In a [letter](#) to Senate Majority Leader Mitch McConnell (R-KY) and Democratic Leader Harry Reid (D-NV), the business coalition urged passage of the [Cybersecurity Information Sharing Act of 2015 \(S. 754\) \(“CISA”\)](#).

“Recent cyber incidents underscore the need for legislation to help businesses improve their awareness of cyber threats and to enhance their protection and response capabilities in collaboration with government entities. These attacks are advancing in scope and complexity,” states the AGA.

Multiple casinos have been victim of cyber attacks in the last few years.

“The commercial facilities sector has a central role in the nation’s economy and, as such, remains vulnerable to cyber attacks. The sector includes retail centers, hotels, casinos, theme parks, studios, office and apartment buildings, convention centers, sports stadiums, and other sites where large numbers of people live, congregate to pursue business activities, conduct personal commercial transactions, and enjoy recreational pastimes.”

The U.S. House of Representatives passed two cybersecurity information sharing bills in April with strong majorities from both parties and broad industry support - [H.R. 1560](#) and [H.R. 1731](#).

“The commercial facilities sector is dedicated to improving our capacity to guard against cyber attacks and help protect our customers from these threats. However, current law does not do enough to foster information sharing and establish clear lines of communication with the various government agencies responsible for cyber security,” stated the AGA. “CISA will strengthen the nation’s ability to defend against cyber attacks and better protect all Americans by encouraging the business community and the government to quickly and effectively share critical information about these threats while ensuring privacy.”

Also signing the letter were the American Hotel Lodging Association; American Resort Development Association; Building Owners and Managers Association International; International Council of Shopping Centers; NAIOP, the Commercial Building Development Association; National Association of Real Estate Investment Trusts; National Apartment Association; National Multifamily Housing Council; and the Real Estate Roundtable.

GLOBAL GAMING EXPO EARLY BIRD SPECIALS EXPIRE SEPTEMBER 5

Early Bird Discounts for the 2015 Global Gaming Expo (G2E), to be held at The Sands Expo and Convention Center in Las Vegas, Nevada, from September 28 to October 1, expire on September 14.

Early Bird Discounts include group discounts, Native American Casino Registration packages and special hotel and travel deals which registrants may take advantage of on the G2E website.

This year’s show will also debut the “Integrated Resort Experience at G2E,” which will present innovated non-gaming technology, products and services as casino guests would experience them in a gaming-resort setting. Show presenters state that the new program will deliver a complete end-to-end solution to help casinos attract more guests, encourage them to stay and play longer, and increase revenue per visitor.

Over 30,000 gaming professionals from around the world are scheduled to attend this year’s G2E from all gaming industry trades and sectors. To

register, or for more information about G2E, please visit www.globalgamingexpo.com.