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*Editor in Chief*

**David D. Waddell, Esq.**

Phone: 517.507.3859

[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst  
& Editor*

**Robert R. Russell, II**

Phone: 517.507.3858

[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Reporter and Associate Editor*

**Dustin M. Ford**

Phone: 517.999.5414

[dford@rmclegal.com](mailto:dford@rmclegal.com)

*Reporter*

**Blaine R. DeGracia**

Phone: 517.507.3857

[degracia@rmclegal.com](mailto:degracia@rmclegal.com)

*Subscription information:*

[info@michigangaming.com](mailto:info@michigangaming.com)

A publication of

**RMC Ventures, LLC**

Asher Court

321 W. Lake Lansing Rd.

East Lansing, MI 48823

Phone: 517.507.3860

Fax: 517.908.0235

[www.rmclegal.com](http://www.rmclegal.com)

# The MICHIGAN GAMING Newsletter



## LEGISLATION INTRODUCED FOR LOTTERY PRIVATIZATION

On January 27, 2015, legislation was introduced in the Michigan House of Representatives that, if passed, would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act of 1972 ("Lottery Act") to clarify that the Commissioner of the State Lottery ("Commissioner") is authorized to contract with a lottery management services company for the operation of the lottery. The legislation, [House Bill 4077](#) ("HB 4077"), was introduced by Rep. Earl Poleski (R-Jackson County). In addition, an identical bill [Senate Bill 75](#) ("SB 75") was introduced in the Michigan Senate by Sen. Wayne Schmidt (R-Traverse City) on February 3, 2015.

Under [HB 4077](#) and [SB 75](#), the Commissioner would be required to request bids from either a lottery management services company or from advertising firms. The current language of the Lottery Act only requires the Commissioner to seek bids from advertising firms for the purpose of promoting the State Lottery.

According to the 2014 State Lottery Annual Report for the fiscal year ending September 30, 2014, the State Lottery generated a total operating revenue of over \$2.6 billion in 2014, a \$117.8 million (4.7%) increase over fiscal year 2013 revenues. The Annual Report notes that ticket sales increased for a variety of games, including instant games tickets, Mega Millions, club games (Club Keno, Pull Tabs, etc.), among other games. As of September 30, 2014, the State Lottery had a total of 174 employees. In addition, the State Lottery spent a total of \$17.6 million on promotion and advertising over the course of its last fiscal year.

HB 4077 has been referred to the House Committee on Commerce and Trade. SB 75 has been referred to the Senate Committee on Regulatory

Reform. For more information on the legislation, including the full text of each bill, please visit the Michigan Legislature's website, here: <http://www.legislature.mi.gov>

## **TRIBAL ENTITIES RELEASE REVENUE SHARING PAYMENTS**

This week, the Nottawaseppi Huron Band of Potawatomi Indians ("Potawatomi") and the Grand Traverse Band of Ottawa and Chippewa Indians ("Grand Traverse Band") made revenue sharing payments to local units of government in accordance with their respective gaming arrangements with the State of Michigan

Each tribe allocates two percent of its annual net win from electronic games of chance to local units of government to offset costs related to the operation of their casino property. Eligible disbursements include those to local law enforcement, public safety organizations, schools, and other public and charitable groups.

### ***Potawatomi Revenue Sharing Payments***

On Friday, February 13, 2015, the Potawatomi awarded the FireKeepers Local Revenue Sharing Board ("Board") \$5,004,207 in accordance with its gaming compact with the State of Michigan. The Board, established to review, approve, and disburse the revenue sharing payments to qualified local entities, will be accepting applications for funding until February 27, 2015 and will make final disbursements by May 8, 2015.

In a statement released by the Potawatomi, Tribal Council Chairman Homer A. Mandoka stated that "[t]he success of our business ventures instills not just pride in the members of the Nattawaseppi Huron Band of the Potawatomi, but also allows for shared benefit across the community we have fostered here in southwest Michigan. We have come a long way in a relatively short amount of time, and I can attribute that growth to the vast amount of effort and vision set forth by the tribe's leadership."

The Board makes one distribution per year based upon the prior year's total net win from electronic games of chance. Last year, the Potawatomi

provided a total of \$5,266,401 to the Board.

### ***Grand Traverse Band Revenue Sharing Payments***

On Wednesday, February 11, 2015, the Grand Traverse Band announced the award of \$882,523 in allocations to 55 applicants in accordance with a federal consent decree entered by the US District Court for the Western District of Michigan entered in 1993. The award represents two percent of electronic gaming revenue received between June and December 2014.

According to the Grand Traverse Band, the tribe received requests from eligible local entities totaling \$2,472,661 across 101 applications. Awards were provided to local county governments for corrections facilities, medical and emergency equipment, youth and athletic organizations, and other public purposes.

The Grand Traverse Band makes two revenue sharing payments per year, with the most recent award representing the first payment in 2015. The previous payment, for the period ending May 31, 2014, totaled \$689,600.

## **INDIANA LEGISLATURE ADVANCES GAMING REFORM BILL**

On Thursday, February 12, 2015, the Indiana House Committee on Public Policy voted 10-2 to refer legislation aimed to reform the state's gaming industry to the House Committee on Ways and Means. The legislation, [House Bill 1540](#) ("HB 1540") incorporates several changes recommended by a special legislative committee that drafted a report recommending certain changes to gaming policy to allow Indiana casinos to better compete with properties in neighboring jurisdictions.

HB 1540, introduced on January 20, 2015, follows the Interim Study Committee on Public Policy's discussion and recommendations for reforming the state's gaming policies. The legislation would allow land-based options for existing operators and related development incentives, extends tax deductions for promotional activities, and allows for table games at horse tracks, among other

changes. The bill is authored by Rep. Thomas Dermody (R-LaPorte), who was also the chairman of the interim study committee.

In addition to HB 1540, Rep. Todd Huston (R-Fishers) introduced [House Bill 1275](#) (“HB 1275”) on January 13, 2015, which seeks to implement several of the provisions of HB 1540. However, HB 1275 contains key differences, as it would not authorize table game operations at horse tracks and would not be effective until July 1 2024. HB 1275 has not been acted on since its introduction in January.

More information on HB 1540, including the full text of the bill, is available on the Indiana Legislature’s website, here: <https://iga.in.gov/legislative/2015/bills/house/1540#>

For more information on the interim study committee’s report and recommendations, please see Volume 20, Issue 31 of *The Michigan Gaming Newsletter*, here: <http://www.michigangaming.com/publications/newsletter-archive/108-newsletters/volume-20/issue-31/423-indiana-casino-reform-update-legislative-committee-supports-land-based-options>

## **AMERICAN GAMING ASSOCIATION RELEASES GAMING CAREERS REPORT**

Yesterday, February 12, 2015, the American Gaming Association (“AGA”) announced the release of its newest report, conducted by Oxford Economics, entitled “Gaming Careers: Gateway to the Middle Class,” which includes job and income statistics related to the casino gaming industry throughout America. In addition, the AGA has also launched a video series that highlights real-life stories of gaming employees, as well as its upcoming multiyear national initiative to ensure presidential candidates understand gaming’s impact on the U.S. job force.

According to the report, the gaming industry will add more than 62,000 jobs in the next decade. Current gaming figures include \$240 billion in total economic impact that employs more than 730,000 people. The report also notes that careers in gaming span more than 200 distinct occupations

and provides an average salary in the commercial gaming sector of more than \$43,000.

In addition to the report, the AGA also announced the launch of “Faces of Gaming” video series that includes first-hand testimonials from employees about their experience in the gaming industry. The series is being developed to target policy makers and other industry stakeholders as part of the AGA’s goal to promote the image of the gaming industry. As part of this launch, the AGA is also planning a multiyear national initiative called, “Gaming Votes,” which incorporates in-district events highlighting the gaming industry’s workforce to ensure that, as the 2016 election season develops, political candidates understand gaming’s impact and role in providing jobs and driving economic growth in states throughout the country.

For a complete copy of the report, please visit [www.gettoknowgaming.org](http://www.gettoknowgaming.org) and visit [www.FacesofGaming.org](http://www.FacesofGaming.org) to learn how you may support the AGA’s effort to help shape the image of the gaming industry across the United States.

“Get to know Gaming,” is the AGA’s multiyear public affairs campaign, which aims to promote the value of the gaming industry, combat outdated stereotypes and pave the way for next generation gaming policies that encourage industry innovation and growth. With this report, the AGA seeks to build on its advocacy of policies that support jobs and provide opportunities for millions of workers who seek to join or remain in the middle class.