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The

MICHIGAN GAMING

Newsletter



CHARITY GAMING LEGISLATION INTRODUCED, MILLIONAIRE PARTY REGULATIONS LAWSUIT UPDATE

On Thursday, March 5, 2015, legislation was introduced in both the Michigan House and Senate that would amend the Traxler-McCauley-Law-Bowman Bingo Act ("Bingo Act"), which governs charity gaming activity in the state.

[House Bill 4293 \("HB 4293"\)](#), introduced by Rep. Tom Barrett (R-Eaton County), and [Senate Bill 0187 \("SB 0187"\)](#), introduced by Sen. Rick Jones (R-Grand Ledge), are companion bills that would amend the Bingo Act. The Bingo Act was enacted in 1972 and authorizes bingo, charity game tickets, numeral games, raffles, and millionaire party operations for qualified charitable organizations under the supervision of the Michigan Lottery.

In addition to the new legislation, *The Detroit News* announced that the Michigan Court of Appeals heard oral arguments this week regarding an expedited appeal of a Court of Claims ruling that enjoined the enforcement of new millionaire party rules enacted in May 2014. The May 2014 rules have been challenged on procedural grounds by a group of charitable organizations. The MGCB's website notes that the agency will continue to accept millionaire party applications from qualified organizations during the appeal.

For more information on HB 4293 and SB 0187, please visit the Michigan Legislature's website here: <http://www.legislature.mi.gov/>. More information on millionaire party regulations and related legal challenges is available on the MGCB's website, here: <http://www.michigan.gov/mgcb/>

MICHIGAN GAMING CONTROL BOARD RELEASES MARCH 10, 2015 PUBLIC MEETING AGENDA

The Michigan Gaming Control Board (“MGCB”) will hold its regular public meeting on Tuesday, March 10, 2015 at the MGCB Detroit Office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, in Detroit

The agenda for the meeting includes the following items:

- A. Consider the Licensing & Investigations Division Recommendations Regarding Level 1 and Level 2 Occupational License Applications
- B. Consider the Executive Director’s Reports and Licensing & Investigations Division Recommendations Regarding the Pending Supplier License Applications of
 1. Mercury Fulfillment Systems, Inc. d/b/a Mercury Promotions & Fulfillment, Board File No. SL005963-15-001
 2. Royal Roofing Co., Inc., Board File No. SL001802-15-001
- C. Consider the Executive Director’s Reports and Licensing & Investigations Division Recommendations Regarding the Pending Supplier License Renewal Requests of
 1. Bally Gaming, Inc. d/b/a Bally Technologies, Board File No. SL000003-15-001
 2. Basement Beats, LLC, Board File No. SL005968-15-001
 3. Chef Source, Inc., Board File No. SL001276-15-001
 4. Comsource, Inc., Board File No. SL000364-15-001
 5. Contract Design Group, Inc., Board File No. SL003690-15-001
 6. Data Financial, Incorporated, Board File No. SL005853-15-001
 7. Eagle Star, Inc., Board File No. SL000593-15-001
 8. House Advantage, LLC, Board File No. SL006175-15-001
9. KLP Specialty Food, Inc. d/b/a Empire Packing Company, Board File No. SL005674-15-001
10. Motor City Electric Co., Board File No. SL000088-15-001
11. SMS Staffing Solutions, Inc., Board File No. SL005876-15-001
12. Tepel Brothers Printing, Inc., Board File No. SL001147-15-001
13. Tre Builders, LLC, Board File No. SL003423-15-001
- D. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding the Request to Withdraw of Supplier Licensee
 1. Don Coleman Advertising, Inc. d/b/a Globalhue, Board File No. SL005553-15-001
- E. Consider Board’s Acceptance of Acknowledgment of Violation of Supplier Licensee RAM Construction Services of Michigan, Inc., Board File No. SDA-2015-03
- F. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding the Pending Transfer of Interest In
 1. RAM Construction Services of Michigan, Inc., Board File No. SL000362-15-002
- G. Consider the Executive Director’s Report and Licensing & Investigations Division’s Recommendation Regarding Suitability of New Key Person of Supplier Licensee RAM Construction Services of Michigan, Inc.,
 1. Thomas Richard Szabo, Board File No. SL000362-15-004
- H. Consider the Executive Director’s Reports and Licensing & Investigations Division’s Recommendations Regarding the Pending Transfers of Interest In
 1. Allied-Eagle Supply Company, LLC, Board File No. SL003802-15-001
 2. RAM Construction Services of Michigan, Inc., Board File No. SL000362-15-003

3. Tre Builders, LLC, Board File No. SL003423-15-002

- I. Consider Board's Acceptance of Acknowledgment of Violation of Supplier Licensee Bally Gaming, Inc. d/b/a Bally Technologies, Board File No. SDA-2015-02
- J. Consider Board's Acceptance of Acknowledgment of Violation of Supplier Licensee MIG East, LLC, Board File No. SDA-2015-01

The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the agenda items. The meeting will take place in the Cadillac Place in 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.

For more information regarding the MGCB, please visit their website at: www.michigan.gov/mgcb

IRS PROPOSES NEW TAX REPORTING RULES FOR CASINOS

On March 3, 2015, the Internal Revenue Service ("IRS") issued proposed regulations and an official notice regarding tax information reporting rules for slot winnings (as well as keno and bingo). Notably, the IRS is considering changes that aim to reduce the respective reporting thresholds from \$1,200 to \$600 on "electronically tracked slot play." The reporting thresholds for winnings from those games, other than electronically tracked slot play, remain the same as under the existing regulations, but the IRS has noted that it will continue to monitor the existing reporting thresholds and may propose to reduce those thresholds at a future time. The agency set a 90-day public comment period set to expire on June 2, 2015, and a public hearing is scheduled for June 17, 2015.

Since 1977, the reporting threshold for winnings from a bingo game and slot machine play has remained \$1,200, while the reporting threshold for winnings from a keno game remains at \$1,500. Section 7.6041-1(c) of the Internal Revenue Code provides that bingo, keno, and slot

machine winnings are reported on IRS Form W-2G, "Certain Gambling Winnings." In connection with the current reporting requirements, a casino must provide a copy of the Form W-2G to the winning patron by January 31 of the year following the year in which the reportable payment is made, and the casino must file the Form W-2G with the IRS by February 28 of the year following the year in which the reportable payment is made.

"This potential policy change could create additional burdensome and unnecessary reporting requirements for our industry," said Sara Rayme, senior vice president of public affairs for the AGA. "We stand ready to facilitate industry consensus and to advocate for rulemakings that benefit and protect the casino gaming industry's interests. It is policy proposals such as this one that the AGA will address under our "Next Generation Gaming" platform that seeks to streamline regulations, remove barriers to innovation and allow regulators to be more nimble as the gaming landscape continues to evolve."

To view the American Gaming Association's summary regarding the proposed changes, [click here](#).

The AGA Tax Working Group, comprised of senior tax representatives from AGA member companies, will submit comments to the IRS on behalf of the industry.

A full text of the IRS's proposed changes can be found at:

<https://www.federalregister.gov/articles/2015/03/04/2015-04437/information-returns-winnings-from-bingo-keno-and-slot-machines>