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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR FEBRUARY 2017

On March 8, 2017, the Michigan Gaming Control Board ("MGCB" or "Board") released the February 2017 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, the revenue for the Detroit market was up .7% when compared to the same reporting period last year.

Month in 2017	Total Adjusted Revenue 2017		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,122,785.88	\$38,437,983.01	\$26,444,022.40
February	\$48,090,071.92	\$40,560,815.83	\$28,590,936.09
Total	\$95,212,857.80	\$78,998,798.84	\$55,034,958.49

Specifically, MGM Grand Detroit's revenue increased by 1.9%, and MotorCity's rose 0.8%, while Greektown's revenue declined 0.8% during February 2017 when compared to the same month last year.

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

The February 2017 market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for 2016 were 41%, 35%, and 24%, respectively.

Month in 2017	Total Adjusted Revenue and Taxes 2017		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax*
January	\$112,004,791.29	\$9,072,388.09	\$13,328,570.16
February	\$117,241,823.84	\$9,496,587.73	13,951,777.04
Total	\$229,246,615.13	\$18,568,975.83	\$27,280,347.20
*Total includes wagering tax and development agreement payments to the city of Detroit as reported by the casinos			

The figures released by the Board are the gross receipts less winnings paid to wagerers. 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, services providers or vendors; nor 4) other normal business expenses.

MICHIGAN GAMING LEGISLATIVE UPDATE: INTERNET WAGERING BILLS REPORTED FAVORABLY OUT OF SENATE COMMITTEE; SIMULCAST WAGERING AT DETROIT CASINOS INTRODUCED IN HOUSE; SPORTS WAGERING BILL UPDATE; BINGO ACT ADVANCES TO HOUSE

INTERNET GAMING BILLS

Last Wednesday, March 8, 2017, the Senate Committee on Regulatory Reform favorably voted out of committee internet-related gaming bills [Senate Bill 0203 \("SB 0203"\)](#), [Senate Bill 0204 \("SB 0204"\)](#) and [Senate Bill 0205 \("SB 0205"\)](#) (collectively "Internet Gaming Bills").

SB 0203 is entitled the "Lawful Internet Gaming Act ("Act") and seeks to allow for the legalization, regulation and taxation of privately operated internet gaming in the state. SB 0203 is tie barred with SB 0204, a one-page bill that seeks to amend the penal code to allow for gambling conducted under the Act. SB 0205, which is also tie barred with SB 203, would amend the sentencing guidelines for violations of the Act.

According to *Casino City Times*, several witnesses testified before the committee including Poker Players Alliance, Amaya Gaming, Innovation Group, Coalition to Stop Internet Gambling, and a representative of the Michigan Gaming Control Board ("MGCB").

If passed, the Internet Gaming Bills would create the Division of Internet Gaming within the MGCB, and grant the MGCB the authority to issue applicants an internet gaming license if certain criteria are met. Furthermore, the bills would authorize commercial and tribal casinos (Class III) to allow both intrastate and interstate internet wagering (if permitted by federal law). Furthermore, it allows tribes to offer internet wagering by complying with the Act or by way of a compact amendment

The Internet Gaming Bills now go to the senate floor for consideration.

In connection with the committee meeting, the Senate provided an updated Bill Analysis on the Internet Gaming Bills, which can be [found here](#).

SIMULCAST HORSE WAGERING AT DETROIT CASINOS

On Thursday, March 9, 2017, State Rep. Robert Kosowski (D-Westland), introduced [House Bill 4338](#) which seeks to amend the Michigan Gaming Control and Revenue Act to allow the Detroit casinos to televise and accept wagers on simulcast horse races held either inside or outside of the state. The bill was referred to the House Committee on Regulatory Reform.

SPORTS WAGERING AT DETROIT CASINOS; LEGISLATIVE ANALYSIS PUBLISHED

On January 18, 2017, State Rep. Robert Kosowski (D-Westland) introduced [House Bill No. 4060](#) (HB 4060), which proposes to amend the Michigan Gaming Control and Revenue Act to authorize wagers on sporting events to be placed at the state's commercial casinos. The bill has been referred to the House Committee on Regulatory Reform. Notably, a [legislative analysis](#) has been produced by the Michigan House which projects the three Detroit Casinos could generate \$25.0–30.0 million in adjusted gross receipts annually.

The enactment of this legislation remains contingent upon a change in federal law, as federal law currently prohibits sports wagering in all states except Nevada, Oregon, Montana, and Delaware.

BINGO ACT OVERHAUL

On February 9, 2017, Substitute 1 to [Senate Bill No. 0035](#) (SB 0035) received approval from the state Senate. Introduced on January 18, 2017 by Senator Rick Jones (R-Grand Ledge) the bill seeks to amend the “Traxler-McCauley-Law-Bowman Bingo Act” and overhaul the Bingo Act's provisions regulating charitable millionaire parties held within the state. The bill moved to the House for consideration where it was referred to the House Committee on Regulatory Reform.

HORSE RACING ADVISORY COMMISSION DISCUSSES ADVANCED DEPOSIT WAGERING IMPLEMENTATION AT STATE'S HORSE TRACKS

On March 6, 2017, the Horse Racing Advisory Commission (“Commission”) held its second meeting on the campus of Michigan State University. All seven members of the Commission were present and the meeting largely focused on the issue of implementing Advanced Deposit Wagering (“ADW”) at Northville Downs and Hazel Park Raceway. At the meeting, Ladd Biro, Hazel Park Raceway Race Secretary, was introduced as the newest member to the Commission. A current breakdown of the Governor-appointed Commission members is as follows:

Don Ryker, Ortonville - Chair

Represents individuals who have knowledge about and expertise in horse racing in this state

Thomas Barrett, Novi

Represents statewide horse racing associations

Mike Carlo, Northville

Represents owners or operators of horse racetracks in this state

Nancy Frank, Haslett

Designee of the Director of the Department of Agriculture and Rural Development

George Kutlenios, Holly

Representing statewide horse racing associations

Frank Nickels, Haslett

Represents veterinarians

Ladd Biro, Warren

Represents owners or operators of horse racetracks in this state

All Commission members' terms end on Oct. 31, 2020.

The Commission was established by way of legislation that passed last year which established

the following tasks for the Commission to accomplish:

- *Establish for the commissioner procedures governing the operation and promotion of horse racing in this state.*
- *Make recommendations to the legislature on amendments to this act that would improve the regulatory structure of horse racing in this state with a goal of maintaining the long term viability of horse racing in this state.*
- *Annually submit a report to the legislature detailing its recommendations under subdivisions (a) and (b). (13) The racing commissioner shall take under consideration the procedures established by the advisory commission under subsection (12)(a) in performing his or her duties under this act.*

During the meeting, it was noted that more than 90% of the wagers made at the tracks were on simulcast races and thus ADW would be of great benefit. Accordingly John Hindman, TVG general counsel gave a presentation about his company's services. [TVG](#) offers web-based, phone, and mobile device ADW services as well as video streaming of horse races on its [website](#).

It was noted that TVG's currently contemplated services may not be permitted as the current legal landscape only allows for simulcast wagers to occur within the confines of a licensed racetrack (see [section 17\(8\) of the statute](#)).

A general motion to support the implementation of ADW was made and passed by the Commission with six members approving and one abstaining.

Following the ADW discussion, Don Packard, President of the Michigan Horse Racing Council presented on the tentative drafting of a report entitled "American Horse Council National Equine Economic Impact Study," and his group's efforts to get other state's to help fund the report. He noted that the study would help to show the fiscal impact that racing has within the state and elsewhere.

The next Commission meeting is tentatively scheduled for April 24. For more information, [please click here](#).