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# The \_\_\_\_\_ MICHIGAN GAMING \_\_\_\_\_ Newsletter



## **GUN LAKE TRIBE ANNOUNCES FIRST LOCAL REVENUE SHARING PAYMENTS**

Yesterday, June 2, 2011, the Match-E-Be-Nash-She-Wish Band of Pottawatomis Indians ("Gun Lake Tribe") announced details of its first revenue sharing payment to the state and local governments for the first two months of its gaming operations, which began in February. In total, the Gun Lake Tribe paid \$2,574,353, with \$514,871 going to local coffers and \$2,059,482 going to the state based upon their tribal-state compact.

"Many years ago we made a commitment to our neighbors to provide funds to help build a better community," stated D.K Sprague, chairman of the Gun Lake Tribe. "Today we have followed through on our commitment and that marks another important milestone in our shared progress."

According to the Gun Lake Tribe, the local payment equals 2 percent of net win from electronic gaming devices, while the state payment ranges between 8 and 12 percent depending on total electronic gaming revenues.

Pursuant to the tribal-state compact, the Local Revenue Sharing Board was formed to receive and administer local revenue sharing payments. The Board is comprised of three representatives of the Gun Lake Tribe and three representatives of local governments/communities. The Board consists of the following individuals:

- Lorraine Shananaquet (Gun Lake Tribe, Tribal Council)
- Phyllis Davis (Gun Lake Tribe, Tribal Council)
- Rebecca Baker (Gun Lake Tribe, Tribal Council)
- Roger VanVolkinburg (Wayland Township, supervisor and LRSB chairman)

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- Mark DeYoung (Allegan County Board of Commissioners, chairman)
- Linden Anderson (former mayor, City of Wayland)

The tribal-state compact requires the Gun Lake Tribe to reimburse municipalities for various costs incurred as a result of the casino's operations. Other possible uses for local revenue sharing funds include funding for schools and civic organizations. The state revenue sharing payments are made to aid the economic development and job creation efforts of the Michigan Economic Development Corporation.

"The local community will benefit greatly from these much needed funds provided by the Tribe. This will allow area municipalities to improve public safety and infrastructure services to make life better for all residents," said Roger VanVolkinburg, supervisor Wayland Township.

The Gun Lake Tribe will distribute the state and local revenue sharing payments semi-annually. For more information regarding the Gun Lake Tribe, please visit: <http://www.mbpi.org/>.

## TRIBAL OFFICIALS CHALLENGE RECALL PROCEDURE

Elect ed tribal officials for the Little Traverse Bay Band of Odawa Indians ("Tribe") have filed requests for preliminary injunctions relating to recall petitions for tribal chairman Ken Harrington and tribal vice chairman Dexter McNamara. As reported in the *Petoskey News*, Mr. McNamara requested the injunction to prevent a recall vote for his position based on interpretation of the Tribe's constitutional procedures for recall elections.

The recall efforts are the second attempt at removing Mr. Harrington and Mr. McNamara due to complaints that neither has allegedly carried out the responsibilities of their respective offices. In July of 2010, Mr. Harrington was the subject of a similar recall election, which he won. Tribal members advocating for a second recall attempt claim that the two officials have not made changes to their leadership that would address the allegations of unconstitutional practices and

disrespect towards tribal members.

Mr. McNamara's request for a preliminary injunction centers on the tribal constitution's provisions regarding recall elections. Article XIII, Section A(2) of the Tribe's constitution states that "[e]ach elected official may be subject to no more than one (1) recall election per calendar year." McNamara argues that the "calendar year" begins on the date of the initial recall election, July 16, 2010, and that the language prohibits another recall election until July 16, 2011. Opponents have argued that Mr. McNamara lacks standing, as only Mr. Harrington was subject to a recall election last year, and that "calendar year" should be defined as January 1 through December 31, thereby allowing a new recall election for both officials.

## OHIO CASINO UPDATE

On Thursday, June 2, 2011, protesters gathered outside of the construction site for the proposed Rock Gaming casino in Cincinnati to encourage Ohio Governor John Kasich and the Ohio legislature to finalize the tax structure for Ohio casinos. Protestors included construction workers for the project who have been unable to work since construction on the site was indefinitely suspended on May 11, 2011.

Casino developer Rock Gaming LLC has halted construction on the site due to uncertainty regarding the application of the Ohio Commercial Activity Tax on casino wagering. Currently, Ohio legislators are advocating for an interpretation of the application of the tax on wagering activity under which casinos would pay taxes on the total amount wagered at the casino. Casino developers have argued that, consistent with other jurisdictions, the tax should be applied only to the net win. Casino proponents have noted that the application of the tax to the total amount wagered would require the casinos to reduce the total investment in the casino facilities and would limit the amount of jobs that the casinos could offer.

In addition, Columbus City Council candidate Daryl Hennessy released nine suggestions that he has stated would encourage the success of Penn National's future Columbus casino location earlier

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this week. Among the items, Hennessy promotes increased cooperation between the casino and local government, specific allocation of casino tax funds for zoning improvements and job creation, and the commitment of Penn National to hiring local residents. The suggestions come after Hennessy toured three existing Penn National gaming facilities and met with local government officials near the facilities. Hennessey hopes that his suggestions will allow Columbus to form a mutually beneficial relationship with Penn National and to maximize the economic benefit from the proposed casino.

## ILLINOIS LEGISLATURE PASSES BILL ALLOWING GAMING EXPANSION

On Monday, May 30, 2011, the Illinois House of Representatives passed a gambling expansion bill by a vote of 65-50 that seeks to allow a casino in Chicago. On Tuesday, May 31, the measure also narrowly passed the Illinois Senate 30-27.

The legislation, [Senate Bill 744](#), includes five new casinos, including one for the City of Chicago, authorizes slot machines at the state's six horse racing tracks, creates a "racino" at the Illinois State Fairground in Springfield, and devotes during the next four years an estimated \$1.5 billion of anticipated up-front and other fees received by the state of Illinois.

"This revised gaming legislation will critically boost the Illinois economy by creating 50,000 new jobs, saving 40,000 jobs linked to the horse racing industry, and providing more than \$1.5 billion to pay the state's overdue bills, said Lang (D-Skokie), chief House sponsor of the legislation.

According to an analysis by the Illinois House research and appropriations staff, in addition to the \$1.4 billion in one-time fees, approximately \$500 million in recurring, annual tax revenue would be generated for the state, which would be split among education, capital funding, and local governments.

According to the *Chicago Sun-Times*, Illinois Governor Pat Quinn said Wednesday that he will give the bill authorizing a Chicago casino "a

microscopic review." Gov. Quinn also stated that it will be his job to make sure "the people of Illinois come first."

*Bloomberg Businessweek* reports that Gov. Quinn has said he's open to a casino in Chicago but opposes four other casinos, calling them "way too many... We're not going to do that. I will never support that."

The legislation is currently before Illinois Governor Pat Quinn for consideration.