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The _____ MICHIGAN GAMING _____ Newsletter



MICHIGAN LEGISLATURE PASSES OMNIBUS GAMING LEGISLATION

The Michigan House and Senate passed an omnibus package of gaming legislation late Thursday evening. The legislation, encompassing a package of seven bills, covers revisions to charitable gaming, authorization and regulation of internet gaming, authorization and regulation of fantasy sports, permitting third party advance deposit wagering companies to work with Michigan's racetracks to permit live and simulcast horse races over the internet, and amends the Michigan Gaming Control Act to modify and modernize supplier and occupational licensing procedures.

The bills regarding the charitable gaming (SB 35 and HB 4084) focus on the Millionaire Parties currently permitted under state law and provide an overhaul of the licensure of suppliers, requirements for the presence and participation of charitable organizations, increase the daily dollar limit on games, and contains several other refinements.

The third-party advance deposit wagering bill (HB 4611) legalizes horse track facilities to work with third party companies to offer wagering on live and simulcast horse races over the internet and through mobile phones.

The bill addressing fantasy sports (HB 6420) sets up regulation and licensing of operators of fantasy sports game with the MGCB having regulatory oversight.

Perhaps the most talked-about bills are the ones that authorize internet gaming (HB 4926 and HB 4927). The bills restrict operators to the existing three Detroit casinos and Indian tribes with existing gaming compacts with the State of Michigan, and sets up a regulatory and licensing process to be followed.

Finally, the Michigan Gaming Control Act was amended to update and modernize supplier and occupational licensing procedures in HB 5881. The Michigan Gaming Control Act required a supermajority approval of 75% of both the House and the Senate for this bill. The Gaming Control Act has not been amended since 1997 and was due for revisions to reflect the many changes that have affected the casino industry over the past 20 years.

The legislative session officially ends December 31, 2018. Per the legislative process, the governor must either sign enacted bills within 14 days of passage or veto them. Generally, if a bill is not signed or vetoed within 14 days, it automatically becomes law. The exception is if the legislative session ends before 14 days have passed. In this instance, if the governor does not sign the bills into law, it will constitute a “pocket veto” and they will not become law.

The Michigan Gaming Control Board is tasked by the various bills to develop rules and regulations governing internet gaming and fantasy sports. The legislation sets a period of one year for the development and promulgation of the rules and regulation.

Please [contact us](#) if you would like a copy of any of the bills as passed by the legislature.

MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES & WAGERING TAXES FOR NOVEMBER 2018

In a [press release](#) dated December 18, the Michigan Gaming Control Board (“MGCB” or “Board”) released the November 2018 revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino.

The three Detroit casinos reported \$117.6 million in aggregate revenue for November 2018, a 4% increase from the same month last year. The results were 1.4% above the monthly revenue for

October 2018. Year-to-date revenue was 2.5% above results for the first 11 months of 2017.

Please see the linked [State of Michigan official financial report](#).

Revenue increased at MGM by 7.9% to \$52.4 million. MotorCity recorded a revenue decline of 0.5% to \$38 million. Greektown revenue increased by 3.4% to \$27.2 million compared with November 2017 results.

The November 2018 market shares for MGM Grand Detroit, MotorCity Casino and Greektown Casino were 45%, 32% and 23% respectively.

During November 2018, the three Detroit casinos paid \$9.5 million in gaming taxes to the State of Michigan, compared with \$9.2 million for the same month last year. The three casinos reported submitting \$18.9 million in wagering taxes and development agreement payments to the City of Detroit in November.

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 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 LOTTERY ANNOUNCES 2018 SCHOOL CONTRIBUTIONS

The Michigan Lottery has provided more than \$941.2 million to the School Aid Fund in Fiscal Year 2018, its fourth straight record contribution. Contributions for the last four years exceed \$3.5 billion, about 16% of the \$22.4 billion that the Lottery has provided for Michigan schools in its 46-year history.

According to the lottery commission, it set several other major records in Fiscal Year 2018, including:

- Nearly \$3.6 billion in sales, up from the record \$3.3 billion set last year
- More than \$2.2 billion in prizes to players, up from the record \$2 billion set last year
- More than \$266.5 million in commissions to Lottery retailers, many of which are small, family-owned businesses, up from the record \$249.2 million set last year

The Lottery's record performance in 2018 was fueled primarily by a 12.6% increase in instant game purchases - the fifth straight year of double-digit growth for those games - as well as the growing popularity of the Fast Cash games, continued growth of online sales, and two large Mega Millions jackpots.

For each dollar spent on a Michigan Lottery ticket in FY 2018 approximately:

- 62 cents went back to players as prizes
- 26 cents went to the School Aid Fund
- 9 cents went to commissions for retailers and vendors
- 3 cents was used to fund the Lottery's operations and administrative costs

Under state law, all profits from the Lottery go to the School Aid Fund. In FY 2018, contributions from the Lottery comprised approximately 7% of the fund.

The Lottery recently attained Responsible Gaming Verification of its program through the North American Association of State and Provincial Lotteries and recertification of its online program through the National Council on Problem Gambling.

For more information about how the Michigan Lottery benefits local schools click [here](#).

AMERICAN GAMING ASSOCIATION ISSUES STATEMENT IN RESPONSE TO FEDERAL SPORTS WAGERING LEGISLATION

On Wednesday, December 19th, the American Gaming Association (AGA) released the following

statement in response to the "Sports Wagering Market Integrity Act of 2018," introduced by Senate Minority Leader Chuck Schumer (D-NY) and Senator Orrin Hatch (R-UT).

"This bill is the epitome of a solution in search of a problem, representing an unprecedented and inappropriate expansion of federal involvement in the gaming industry, which is currently one of the most strictly regulated in the country," said Sara Slane, senior vice president of public affairs for the American Gaming Association. "Across the country, nearly 4,000 dedicated public servants already regulate all forms of gaming, including sports wagering, with more than \$500 million committed to ensuring the integrity of commercial casinos' operations and \$822 million spent on regulation of tribal gaming in 2015 alone. These state and tribal regulators have decades of experience effectively overseeing gaming operations within their jurisdictions.

"Additional areas this bill seeks to address – including the mandatory use of official league data and the creation of a national sports wagering clearinghouse – can, and should, be decided by marketplace negotiations between private businesses and cooperative agreements among jurisdictions. In the mere six months since the U.S. Supreme Court paved the way for legal, regulated sports betting, significant developments on both of these fronts have already occurred without any federal involvement.

"While federal regulation of sports betting will continue to be a non-starter for the gaming industry, we appreciate the sponsors' recognition that more must be done to curb illegal sports betting operations, which continue to pose the biggest impediment to the success of a legal market that will benefit and protect consumers, sports leagues and casino operators alike."

AMERICAN GAMING ASSOCIATION NAMES NEW PRESIDENT AND CEO

[Per a press release](#) dated December 18, 2018, the American Gaming Association's (AGA) Board of

Directors has named Bill Miller the Association's next President and Chief Executive Officer.

Mr. Miller brings with him more than three decades of experience on Capitol Hill and also worked in leadership positions within membership organizations like the AGA.

"I am honored to join a team with a well-earned reputation for advancing the casino gaming industry's legislative and communications priorities and addressing the issues that matter most to its members," said Miller. "Much to the AGA's credit, this is a remarkable time for gaming in America. The industry is growing, acceptance of gaming as mainstream entertainment has never been higher and the opportunities to continue to advance gaming's agenda are abundant. I am eager to help lead the industry in this next era."

Mr. Miller is currently wrapping up his responsibilities as the senior vice president at the Business Roundtable, the association of chief executive officers of leading U.S. corporations, where He has been responsible for overseeing the association's outreach to Capitol Hill and the Administration for the past six and a half years.

Prior to his work at the BRT, Miller spent time at international corporate communications firm Brunswick, leading the U.S. Chamber of Commerce's Political Affairs & Federal Relations efforts, and serving as the business federation's National Political Director, overseeing its legislative, advocacy and lobbying tactics. He coordinated and executed political and grassroots operations and implemented lobbying campaigns on many of the top issues facing the business community during his 12 years at the Chamber.

Miller officially assumes his responsibilities on January 14th, 2019.