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



## MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES & WAGERING TAXES FOR AUGUST 2019

In a [press release](#) dated September 10, 2019, the Michigan Gaming Control Board ("MGCB" or "Board") released the August 2019 revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino.

The three Detroit casinos reported \$119.8 million in aggregate revenue for August 2019, a 0.5% decrease from the same month last year. The results were 0.7% above the monthly revenue in July 2019. The year-to-date aggregate revenue of \$974.3 million was 0.7% higher than in the first eight months of 2018.

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

Revenue increased at MGM by 0.7% to \$53 million. MotorCity recorded a revenue increase of 0.4% to \$40 million. Greektown revenue decreased by 4.2% to \$26.8 million compared with August 2018 results.

The August 2019 market shares for MGM Grand Detroit, MotorCity Casino and Greektown Casino were 44%, 34% and 22% respectively.

During August 2019, the three Detroit casinos paid \$9.7 million in gaming taxes to the State of Michigan, compared with \$9.8 million for the same month last year. The three casinos reported submitting \$18.5 million in wagering taxes and development agreement payments to the City of Detroit in August. On Aug. 21, MGM Grand Detroit recorded \$400 million in 2019 adjusted gross revenue (AGR), or net win, which triggers a \$4 million payment and a 1 percent tax increase paid to the City of Detroit under the casino's development agreement with the municipality. It is the soonest MGM Grand Detroit has reached the \$400 million AGR mark since inception.

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.

In addition, the Michigan Gaming Control Board approved the renewal for all three Detroit casino licenses at the public meeting held on September 10.

## **NORTHVILLE DOWNS LAUNCHES EXTENDED FALL HARNESS RACE MEET**

A new fall meet of live harness horse racing starts tonight at Northville Downs and will run on Friday and Saturday evenings until December 14<sup>th</sup>. Northville Downs initially asked for racing through November 16, but this week the Michigan Gaming Control Board ("MGCB") Executive Director approved eight additional days of racing.

"It's good for both horse racing fans and for the industry when the horsemen's association and the track have enough resources available to extend the racing season," MGCB Executive Director Rick Kalm said in the press release.

Live racing has been taking place in Northville for over 100 years. Northville Downs itself as a track has been in business for 75 years. According to a press release on the track's website, live harness racing at the venue will continue through 2020. The track is in the process of exploring multiple other locations to develop a new state of the art facility for the future, as a redevelopment plan has been announced for the current location.

## **HOUSE REGULATORY REFORM COMMITTEE HOLDS HEARING ON SPORTS WAGERING BILLS**

On Tuesday, September 10, 2019, the House Regulatory Reform Committee held a hearing and heard testimony concerning the sports wagering bill package (HB 4916-4918). Rep. Brandt Iden (R-District 61), the sponsor of the primary bill, HB 4916, testified to the committee, noting that Indiana's sports wagering is up and running and that consumers will go where there are more options. He noted that the bill currently contemplates using official league data to certify that in-play wagers can be based upon accurate and certified information. Rep. Iden indicated that the current tax rate for sports wagering is 8%, which is competitive with other jurisdictions that have passed sports wagering legislation. The committee raised questions about the tax rate and whether the Governor would require a higher tax rate. Rep. Iden indicated that he is in contact with the Governor's office and that he will come to a resolution with them before advancing the bill out of the House Ways and Means Committee for a floor vote. His goal is to try and get legislation passed and to have sports betting up and running in time for the Super Bowl.

The Regulatory Reform Committee only heard testimony on the package of bills and did not hold a vote. It has scheduled another meeting on Tuesday, September 17, 2019, to consider the package of bills, where if successfully voted upon will then go to the House Ways and Means Committee, chaired by Rep. Iden. The Ways and Means Committee will also have to consider and vote out the package of bills before they advance to the House floor for consideration.

## **FOUR WINDS SOUTH BEND CASINO ANNOUNCES PLANS FOR NEW HOTEL AS NEGOTIATIONS BEGIN FOR TABLE GAMING AND SPORTS BETTING**

On September 11, 2019, the Pokagon Band of Potawatomi Indians announced plans to build a

23-story hotel at Four Winds Casino in South Bend, Indiana.

The hotel's development comes as the Tribe prepares to negotiate a Class III compact with the state of Indiana. The state has agreed to grant a request from the tribe to negotiate a compact that could allow table games at the Four Winds South Bend Casino, a state regulator said Monday.

Because no Class III contract is in place with the state, the casino is not able to offer Class III table games such as blackjack, roulette and craps, and is instead limited to Class II electronic games and a poker room. Having a gaming compact with the state also would let the Pokagons offer sports gambling, which became legal in Indiana this month.

According to Wednesday's announcement, the hotel would feature 317 rooms, including 83 suites. There would also be a spa, convention area, meeting space, ballroom, a bar and grille and an outdoor rooftop swimming pool.

"Not only is this expansion an important milestone for all Pokagon Citizens," said Matthew Wesaw, Tribal Council Chairman and President of the Pokagon Gaming Authority in an interview with *The South Bend Tribune*, "but it also demonstrates our ongoing economic commitment to support the South Bend community."

Construction of the hotel will begin later this year and is expected to take two years to complete. The final decision to approve the gaming compact will ultimately come from the Governor of Indiana and the General Assembly, whose annual session runs from January through July of 2020.

The result of the Class III negotiations would not affect construction of the hotel either way, according to a statement made to *The South Bend Tribune* by Frank Freedman, the Chief Operating Officer for Four Winds Casinos.