

October 16, 2020

Volume 26, Issue 40

For more information on Michigan's gaming industry, please visit www.michigangaming.com

Editor in Chief

David D. Waddell, Esq.
Phone: 517.507.3859
waddell@rmclegal.com

*Senior Gaming Analyst
& Editor*

Robert R. Russell, II
Phone: 517.507.3858
russell@rmclegal.com

Associate Editor

J.J. Burchman, Esq.
Phone: 517.999.5414
burchman@rmclegal.com

Features Editor and Reporter

Gabrielle Davis
Phone: 517.999.5416
gdavis@rmclegal.com

Subscription information:
info@michigangaming.com

A publication of
RMC Ventures, LLC

Asher Court
321 W. Lake Lansing Rd.
East Lansing, MI 48823
Phone: 517.507.3860
Fax: 517.908.0235
www.rmclegal.com

The _____ MICHIGAN GAMING _____ Newsletter



DETROIT CASINOS REPORT \$87.9 MILLION AGGREGATE REVENUE DURING SEPTEMBER AT 15% CAPACITY

The Detroit casinos – MotorCity Casino, MGM Grand Detroit, and Greektown Casino – reported \$87.9 million in aggregate revenue during the month of September, an increase of 26.8% from August's reported revenue. The casinos remain operating at 15% capacity due to COVID-19 restrictions.

Aggregate revenue for slots and table games was down 21.7% in year-over-year revenue in September, and has declined 58% year to date against 2019. Compared to September 2019, revenue fell 22.3% to \$36.1 million at MGM Grand Detroit, 17.3% to \$32.2 million at MotorCity, and 27.2% to \$19.6 million at Greektown.

The market shares during September were:

- MGM Grand Detroit – 41%
- MotorCity Casino – 37%
- Greektown Casino – 22%

Third quarter aggregate revenue of \$157.3 million was a decrease of 55.2% compared with the third quarter of 2019. Quarterly revenue dropped 57.2% at MGM Grand Detroit, 52.2% at MotorCity Casino, and 56.1% at Greektown Casino.

Together the casinos paid \$7.1 million in taxes to the State of Michigan during September, compared with \$9.1 million in September 2019. The casinos reported \$10.5 million in wagering taxes and development agreement payments to the City of Detroit during September.

The three casinos reported \$4.4 million in qualified adjusted gross receipts for retail sports betting during the month of September. Qualified adjusted gross

receipts are gross sports betting receipts minus the monetary value of free play incentives provided to and wagered by bettors. MGM Grand Detroit reported \$2,096,337, MotorCity Casino reported \$1,557,561, and Greektown Casino reported \$722,509. The State of Michigan received \$165,428 in retail sports betting taxes from the casinos in September, and the City of Detroit received \$202,190.

Year to date through September 30 aggregate retail sports betting qualified adjusted gross receipts were:

- MGM Grand Detroit – \$3,113,634
- MotorCity Casino – \$2,055,785
- Greektown Casino – \$1,289,589

Fantasy contest operators reported total adjusted August revenues of \$2.3 million and paid taxes of \$189,875 to the State of Michigan. Year to date through August 31, fantasy contest operators reported \$7.2 million in aggregate fantasy contest adjusted revenues, and paid \$604,321 in taxes to the State of Michigan.

MICHIGAN'S FEDERALLY RECOGNIZED TRIBES MADE \$30.5 MILLION IN FY2019 DISTRIBUTION PAYMENTS

Michigan's 12 federally recognized tribes made \$30.5 million in distribution payments to local governments and schools from casino gaming revenue during fiscal year 2019. Revenue sharing increased 1.1% from fiscal year 2018, which indicates year-over-year growth in net win from slot machines. All tribes ended fiscal year 2019 before the impacts of COVID-19.

The largest distribution was \$6.1 million made by the Saginaw Chippewa Indian Tribe. The second largest distribution was \$5.9 million, made by the Nottawaseppi Huron Band of the Potawatomi Indians. The third largest distribution was \$5.7 million made by the Pokagon Band of Potawatomi Indians.

Wayland Township in Allegan County received the largest local government distribution of \$1 million

from the Gun Lake Tribe, which also made a distribution of \$892,000 to Allegan County. The Pokagon Band of Potawatomi Indians distributed \$1.4 million to New Buffalo Township and Berrien County. The City of Mount Pleasant, Arenac County, and Isabella County received \$2.2 million in distribution payments from the Saginaw Chippewa Indian Tribe.

The largest fiscal year 2019 distributions were as follows:

- Gun Lake Tribe – \$1 million to Wayland Township
- Gun Lake Tribe – \$891,614 to Allegan County
- Pokagon Band of Potawatomi Indians – \$803,811 to New Buffalo Township
- Pokagon Band of Potawatomi Indians – \$605,607 to Berrien County
- Saginaw Chippewa Indian Tribe – \$825,648 to City of Mount Pleasant
- Nottawaseppi Huron Band of Potawatomi Indians – \$780,109 to Emmett Charter Township
- Saginaw Chippewa Indian Tribe – \$721,064 to Arenac County
- Saginaw Chippewa Indian Tribe – \$637,306 to Isabella County
- Nottawaseppi Huron Band of Potawatomi Indians – \$495,477 to Calhoun County Administration
- Little River Band of Ottawa Indians – \$431,121 to Manistee County

School districts in the Lower Peninsula also received distributions from tribes. The Nottawaseppi Huron Band of Potawatomi Indians and the Gun Lake Tribe each distributed over \$2 million to local school districts in Calhoun and Allegan Counties. The Pokagon Band of Potawatomi Indians distributed nearly \$2 million to Berrien and Van Buren Counties school districts. The Saginaw Chippewa Indian Tribe distributed more than \$1.4 million to school districts in Isabella County.

The largest fiscal year 2019 distributions to school districts were as follows:

- Nottawaseppi Huron Band of Potawatomi

Indians – \$2.3 million to Harper Creek Community Schools

- Gun Lake Tribe – \$2.1 million to Wayland Union Schools
- Pokagon Band of Potawatomi Indians – \$1.6 million to New Buffalo Public Schools
- Little River Band of Ottawa Indians – \$841,409 to Manistee Area Public Schools
- Saginaw Chippewa Indian Tribe – \$703,139 to Mount Pleasant Public Schools
- Nottawaseppi Huron Band of Potawatomi Indians – \$571,745 to Calhoun Intermediate School District
- Saginaw Chippewa Indian Tribe – \$495,792 to Shepherd Public Schools
- Little Traverse Bay Bands of Odawa Indians – \$479,594 to Petoskey Public Schools
- Pokagon Band of Potawatomi Indians – \$344,117 to Hartford Public Schools
- Saginaw Chippewa Indian Tribe – \$252,226 to Beal City Schools

Tribal gaming compacts with the State of Michigan require payments to local governments or revenue sharing boards. The revenue sharing amount equals 2% of the tribal casinos' net win from slot machines.

IGAMING AND SPORTS BETTING REVENUES MAKE UP FOR CASINO LOSSES IN 2020

While casinos throughout the country were closed for several months due to the coronavirus pandemic and are now operating under restrictions, iGaming and sports betting have continued to generate needed revenue. States such as New Jersey and Iowa have seen record iGaming and sports betting revenue and significant increases from 2019.

The New Jersey Division of Gaming Enforcement (DGE) released the September 2020 gaming revenue [report](#) this week, boasting significant iGaming revenue increases year-over-year. Total gaming revenue for September was \$323.3 million compared with \$303.5 million in September 2019, reflecting a 6.5% increase. Internet gaming win was reported at \$87.6

million, up 113% from \$41.1 million in September 2019. Sports wagering gross revenue reported \$45.1 million during September, while casino win was \$190.6 million, down 15.1% year-over-year. New Jersey's casinos are still operating under COVID-19 restrictions.

Year-to-date, the total gaming industry revenue was \$1.941 billion, compared with \$2.581 billion in 2019, reflecting a decrease of 24.8%. Internet gaming win has increased 102.2% to \$685.6 million, while sports wagering gross revenue is \$223.1 million year-to-date. Casino win year-to-date is not comparable to 2019 revenue due to the COVID-19 pandemic and the resulting casino closures and operating restrictions.

“For the sixth month in a row, internet gaming win more than doubled compared to last year,” said Casino Control Commission Chairman James Plousis, quoted in an [article](#) by The Press of Atlantic City. “Casino gaming taxes grew more than 16% compared to last September, providing needed funds for programs that aid New Jersey's senior citizens and disabled residents. These results were promising in the midst of continuing travel advisories that decrease visits from out of state, as well as restrictions on capacity, amenities and entertainment that have made 2020 not reasonably comparable to last year.”

Total gaming taxes for September were \$32.0 million. New Jersey total gaming taxes reflect 8% of taxable casino gross revenue, 15% of internet gaming gross revenue, 8.5% tax on casino and racetrack sports wagering gross revenue, and 13% tax on casino and racetrack sports wagering internet gross revenue. The casino industry incurred \$4.7 million in 1.25% additional tax on sports wagering gross revenue and investment alternative tax obligations during September. Additionally, the Racetrack Economic Development Tax of 1.25% of racetrack sports wagering gross revenue was \$395,794.

In Iowa, September's sports betting handle was \$72.4 million, a record for the State. Bets on college and professional football, professional baseball, basketball, hockey, NASCAR, soccer, and

horse racing events occurring unusually at the same time helped to reach the new record.

"It's been kind of a perfect storm in terms of what people have to wager on, what games are being played – there's just a large buffet of games that you're able to wager on at different times of day and different types of sports so it really lends itself very positively to the Iowa sports betting market," said Max Bichsel, Vice President of U.S. Business for the Gambling.com Group, as quoted in an [article](#) by the Globe Gazette.

Net receipts from sports betting during September were \$5.1 million on wagering of \$50 million over mobile apps, and \$22.4 million placed at brick-and-mortar sportsbooks. During the first quarter of fiscal year 2021, patrons have placed \$145.6 million in wagers that paid out \$135.2 million in winnings. The \$10.4 million in first quarter net receipts generated just over \$700,000 in tax revenue for the State of Iowa.

Casino gaming in Iowa is down 4% from 2019, and have generated \$65.7 million in tax revenue during the first quarter of fiscal year 2021.

LITTLE RIVER CASINO RESORT AND MUSKEGON COMMUNITY COLLEGE LAUNCH SEVEN DIRECTIONS MANAGEMENT DEVELOPMENT PROGRAM

Little River Casino Resort and Muskegon Community College (MCC) have partnered to offer a new management development program, Seven Directions. The two-year program begins in January 2021, and combines experiential learning at Little River Casino with academic studies at MCC toward an associate's degree or certificate.

Seven Directions is designed as the next level to the SEVENS program that was previously created at Little River Casino Resort. The new Seven Directions program will allow students to pursue MCC certificates and degrees in several areas related to casino operations, including a Customer Service Certificate, Business

Management, Marketing, Graphic Design, Web Design, and Industrial Maintenance degrees, among others. Students who successfully complete the program will earn an associate's degree and be ready to step into management positions.

"Many students never consider the gaming industry when attending college because they are unaware of the many opportunities that exist, we are hopeful that this will help us identify future talent for the possible expansion to Muskegon County," said Andrew Gentile, Little River Casino Resort General Manager.

"The Resort has a culture of increasing the value of our team members. This is one more way we can deliver on that commitment," said Israel Stone, Little River Casino Resort Organizational Development Director. "MCC is the right partner for us based upon the diverse program and degree offerings they offer which align with our business. We are creating a perfect blend of knowledge, experience, tribal and organizational culture that will support our thriving leadership."

"MCC has many critical employer partnerships to help organizations develop their talent, so we are excited that the Little River Casino Resort is looking to invest in their employees," said MCC President Dale K. Nesbary. "We stand ready to help their employees and their organization reach their goals."

"We are appreciative of the enthusiasm and sincerity in which the college approached this project even going so far as to modify some courses to better suit the needs of the resort and our tribe," said Chief of the Little River Band of Ottawa Indians Larry Romanelli. "We are hopeful that this program will also increase enrollment at Muskegon Community College for individuals that may have an interest in the gaming industry. Additionally, this partnership provides an avenue for current MCC students to potentially complete internships at Little River Casino Resort."

Persons interested in the Seven Directions program should contact Daniel Rinsema-Sybenga at MCC at

Daniel.Rinsema-Sybenga@muskegoncc.edu or Israel Stone at Little River Casino Resort at israels@lrcr.com.