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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR APRIL, 2015

The Michigan Gaming Control Board (“MGCB” or “Board”) released the April, 2015 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 7.4% compared to the same reporting period last year. For the first four months of 2015, the casinos’ aggregate revenue was up 5.9% compared with the same period last year.

Month in 2015	Total Adjusted Revenue 2015		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$46,227,016.63	\$38,061,452.27	\$26,733,375.86
February	\$47,523,251.14	\$39,023,483.79	\$27,875,609.34
March	\$49,824,133.92	\$43,432,911.12	\$30,646,861.38
April	\$51,849,138.07	\$40,532,401.92	\$28,167,335.92
Total	\$195,423,539.76	\$161,050,249.10	\$113,423,182.50

Specifically, revenue for MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino was up by 10.4%, 6.0%, and 4.1% during April, 2015 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 to go to the City of Detroit and 8.1% to be paid to the State of Michigan.

Month in 2015	Total Adjusted Revenue and Taxes 2015		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$111,021,844.76	\$8,992,769.43	\$12,101,381.08
February	\$114,422,344.27	\$9,268,209.89	\$12,472,035.53
March	\$123,903,906.42	\$10,036,216.42	\$13,505,525.80
April	\$120,548,875.91	\$9,764,458.95	\$13,139,827.47
Total	\$469,896,971.36	\$38,061,654.68	\$51,218,769.88

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for April 2015 were 43%, 34%, and 23%, respectively.

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; and 4) other normal business expenses.

INDIANA LAND-BASED CASINO BILL BECOMES LAW, ADVANCED DEPOSIT WAGERING BILL VETOED

On Thursday, May 7, 2015, Indiana Governor Mike Pence allowed legislation to pass into law without his signature that will permit land-based options for existing riverboat licensees, as well as legislation that changes the state’s horse racing laws. In addition, Governor Pence vetoed legislation that would have allowed horse tracks in the state to accept advanced deposit wagering on races.

[House Bill 1540 \(“HB 1540”\)](#) amends the state’s casino laws to allow existing riverboat licensees the option to move their facilities into land-based structures. The amendments increase the available tax deduction for free play from \$5 million to \$7 million annually, and allows for horse tracks to apply for authorization to allow live table game dealers at tracks beginning in March 2021. The amendments also establish a new section in the state’s gaming laws that give the state legislature greater oversight over Native American gaming compact negotiations.

The law is a product of the legislature’s Interim Study Committee on Public Policy, which held hearings last fall regarding how best to allow the state’s gaming industry to better compete with

neighboring jurisdictions.

Another bill, Senate Bill 252, was also allowed to pass into law without signature. This legislation provides additional per diem funds for Horse Racing Commission members, allows for breed development funds to be used to promote the industry, and codifies existing rules related to race dates.

Governor Pence, however, vetoed House Bill 1270 which would have authorized horse tracks to offer advanced deposit wagering. In a press release on the matter, Governor Pence stated that “[t]his legislation is contrary to my long-time position against online gaming. Advance Deposit Wagering, not currently permitted in Indiana, would also violate my position on expanding gaming here in Indiana.” HB 1540 and Senate Bill 252, however, were characterized by the Governor as merely allowing the state’s existing gaming industry to be more competitive and, therefore, were not considered an expansion of gaming.

For more information on HB 1540, please see *The Michigan Gaming Newsletter’s* previous coverage, here: <http://www.michigangaming.com/publications/newsletter-archive/127-newsletters/volume-21/issue-15/496-indiana-legislature-passes-casino-law>

AGA CONTINUES DIALOGUE WITH IRS ON PROPOSED CHANGES TO TAX RULES FOR CASINOS

Last week, the American Gaming Association (“AGA”) IRS task force debriefed on key takeaways from a recent meeting with IRS and Treasury officials and reviewed the list of [questions](#) raised during the discussion.

In an effort to build upon AGA’s longstanding working relationship with the IRS, the AGA submitted a follow-up [letter](#) expressing appreciation for the productive dialogue and reiterating the industry’s principle concerns with the proposed regulations, which include:

- The significant impact of lowering the reporting threshold from \$1,200 to \$600 on casino operations, consumers and the IRS;
- The industry’s significant labor cost and lost business revenue to comply with tax reporting requirements;
- Any potential new reporting system based on electronic player tracking needs to be optional for the casino and voluntary for the patron;
- The potential technological challenges and limitations of electronic player tracking envisioned under the recent IRS proposals;
- The disparate impacts of the IRS proposals to the wide-ranging and diverse operations of gaming establishments;
- The importance of preserving, as our industry’s primary marketing tool, our loyalty programs and players rewards clubs; and
- The potential for increased accuracy and efficiency in tax reporting if authorization is granted for annual reporting of customers’ wins and losses.

The AGA’s next step is finalizing formal written comments on the [IRS Patron Safe Harbor Notice](#) and [proposed regulations](#), which are due June 1 and 2, respectively.

The AGA continues to pursue its goal not only to educate IRS officials on gaming’s many complexities, but to also to offer productive solutions that support the interests of the casino gaming industry, its customers and the IRS.