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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR APRIL 2016

The Michigan Gaming Control Board (“MGCB” or “Board”) released the April 2016 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 1.5% compared to the same reporting period last year.

Month in 2016	Total Adjusted Revenue 2016		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$46,718,389.11	\$37,132,788.69	\$25,215,520.31
February	\$47,193,903.95	\$40,385,060.23	\$28,822,028.76
March	\$51,818,121.13	\$43,700,908.78	\$29,430,087.08
April	\$50,462,057.70	\$42,346,725.48	\$29,548,118.17
Total	\$196,192,471.89	\$163,565,483.18	\$113,015,754.32

Specifically, revenue for Greektown and MotorCity Casino was up 4.9%, and 4.5% respectively, while MGM Grand Detroit was down 2.7% during April 2016 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 payable to the City of Detroit and 8.1% payable to the State of Michigan.

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for April 2016 were 41 %, 35%, and 24%, respectively.

Month in 2016	Total Adjusted Revenue and Taxes 2016		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$109,066,698.11	\$8,834,402.55	\$11,888,270.09
February	\$116,400,992.94	\$9,428,480.43	\$12,687,708.23
March	\$124,949,116.98	\$10,120,878.48	\$13,619,453.75
April	\$122,356,901.35	\$9,910,909.01	\$13,336,902.25
Total	\$472,773,709.38	\$38,294,670.46	\$51,532,334.32

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.

MICHIGAN LEGISLATIVE UPDATE

Internet Gaming

On Wednesday, the Senate Regulatory Reform Committee held a hearing on [Senate Bill 889](#) (“SB 889”), a bill seeking to legalize, regulate and tax Internet gaming within Michigan. Notably Senator Mike Kowall (R-White Lake), the bill’s sponsor, claimed the passage of the bill could create 22,000 jobs for Michigan. The “Lawful Internet Gaming Act” was introduced by Sen. Kowall on April 14, 2016, and seeks to legalize Internet gaming while specifically prohibiting wagering on any professional or amateur sporting event unless otherwise legal pursuant to state and federal law.

During Wednesday’s Committee hearing, testimony was heard by, among others, John Pappas of the Poker Player’s Alliance who estimates that the bill could generate \$40 million in revenue and an increased tourism interest in the state.

In addition, Dave Murley, Deputy Director of the MGCB testified that the Governor’s office has not taken an official position on the bill and that the bill has not been evaluated against Michigan’s constitutional prohibition against expanded gambling in the state. All three of Detroit’s casinos remain neutral on the bill, but did not provide testimony during the hearing.

Under the SB 889, an Internet “casino” would be required to apply for licensure to a proposed division of Internet gaming within the Michigan Gaming Control Board. If granted, a license would be granted for a period of five (5) years. Eligible licensees include existing Michigan casino licensees and federally recognized Michigan Indian Tribes. The bill proposes a maximum of eight (8) licenses, each required to pay a \$5,000,000 license fee with a 10% tax on gross gaming revenues.

In addition, the bill includes age verification restricted to 21 years of age and older.

Horse Racing

Two competing bills, which seek to amend the Horse Racing Law of 1995, have been referred to the House Committee on Agriculture

On Tuesday, May 10, 2016, the Michigan Senate passed [SB 504](#), a bill seeking to amend the Horse Racing Law of 1995 to permit, among other revisions and amendments, the Michigan Gaming Control Board to promulgate rules for the implementation of “Advance Deposit Wagering”. In addition, it provides for simulcast-only (without live racing) options for tracks, if specific conditions are met.

On Tuesday, May 3, Rep. Bumstead (R-Newaygo) introduced [HB 5600](#), a competing bill that also seeks to revise the Horse Racing Law of 1995. This bill does not contemplate the addition of ADW, or simulcast-only operations, and it largely seeks to license and regulate Certified Horsemen’s Organizations within the state.

Both bills also provide for the reduction of the total number of race days required for a track license, and also seek to modify the allocation of simulcast purses to be racetrack specific.

CONGRESSIONAL HEARING HELD ON FANTASY SPORTS

On Wednesday, May 11, 2016, the United States House of Representatives Committee on Energy and Commerce held a hearing on “Daily Fantasy Sports: Issues and Perspectives”. The Committee heard from:

- Steve Brubaker, Executive Director, Small Business Fantasy Sports Trade Association;
- Kurt Eggert, Professor of Law, Chapman University Fowler School of Law;
- Jordan Gnat, Senior Vice President, Strategic Business Development, Scientific Games;
- Mark Locke, Chief Executive Officer, Genius Sports;
- John M. McManus, Executive Vice President, General Counsel and Secretary, MGM Resorts International;
- Ryan Rodenberg, Assistant Professor,

Department of Sport Management, Florida State University;

- Peter Schoenke, President, Rotowire.com, Chairman, Fantasy Sports Trade Association; and
- Lindsay Slader, Operations Manager, GeoComply.

All of these parties gave various perspectives and information on how daily fantasy sports work, and the technology used in connection with the operations. Notably, the two major operators of daily fantasy sports in the United States did not make presentations to the Committee, although representatives of the Fantasy Sports Trade Association did participate to provide an industry perspective.

Additionally, the American Gaming Association submitted written testimony to the Committee. The AGA stated, in part:

Over the past year, public interest in Daily Fantasy Sports (DFS) has exploded. This growing popularity has raised important questions about the appropriate regulatory environment, the adequacy of federal and state gaming laws and the best way to protect consumers and the integrity of games.

It also provides an opportunity to review the effectiveness of America’s 25-year-old federal sports betting ban in light of growing public acceptance of gaming in general, the soaring interest in sports betting in particular and the development of new technologies that can aid law enforcement in overseeing betting activities.

As far as DFS is concerned, AGA’s position is simple: DFS currently operates in a legal gray zone. We think it should be black and white. The gaming industry wants to see clear rules of the road that lay out where DFS is going to be legal, how it is going to be regulated and how consumers are going to be protected.

To view the Committee hearing in its entirety, please visit: <https://energycommerce.house.gov/hearings-and-votes/hearings/daily-fantasy-sports-issues-and-perspectives>.

MICHIGAN LOTTERY TO OFFER MLB RAFFLE GAME

Today, the Michigan State Lottery announced that it has partnered with Major League Baseball to offer tickets for its Big League Raffle.

The \$10 tickets can be purchased at retailers and online for the chance to win cash prizes up to \$50,000, plus Detroit Tigers 2017 season ticket packages, and trips to the 2016 World Series.

Winners of the 2016 *World Series* trip prize will receive:

- Two tickets to one of the first four games of the 2016 *World Series*
- Round-trip coach airfare for two people to *World Series* host city (as applicable)
- Round-trip ground transportation between destination airport and hotel (as applicable)
- Round-trip ground transportation between hotel and *World Series* game
- Four-star hotel accommodations for two nights
- \$500 spending money
- One 2016 *World Series* merchandise gift

Winners of the *Detroit Tigers* 2017 season ticket packages will receive two lower baseline box season tickets and one parking pass for the regular season home schedule.

The Big League Raffle drawings will be conducted on Sept. 1. The winning raffle numbers will be posted on the Lottery's website: www.michiganlottery.com. Lottery players must match their raffle number in exact order to the winning numbers drawn by the Lottery. Those who purchase their Big League Raffle tickets online will be notified by email if they have won.