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The _____ MICHIGAN GAMING _____ Newsletter



MGCB REGULATION OFFICER HIGHLIGHTED BY OFFICE OF PERFORMANCE AND TRANSFORMATION

The Michigan Office of Performance and Transformation has included a Michigan Gaming Control Board Regulation Officer in its “A day in the life . . .” profiles available at its [website](#).

The feature followed Robyne McCray, a regulation officer at Greektown Casino, who works on behalf of the citizens of Michigan to ensure fair and honest gaming. The article indicates that slot machines, table games, cash collection and patron disputes are just a few of about 40 monitoring inspections every regulation officer is responsible for each month. Additionally, it highlights the key role that both the MGCB and the casino operators have in following best practices from a responsible gaming perspective through the state “disassociated persons” program, which allows problem gamblers to place their names on an exclusion list. “Some patrons believe it is our responsibility to keep them out of the casino. While they are responsible for keeping themselves out of the casino, MGCB created this program to provide an alternative for people with a gambling problem,” Ms. McCray noted.

The article is part of a series that the Office of Performance and Transformation has done highlighting a number of state workers.

SPORTS WAGERING LEGAL AND LEGISLATIVE UPDATE

Christie v. National Collegiate Athletic Association (“NCAA”), the case challenging the constitutionality of the federal Professional and Amateur Sports Protection Act of 1982 (“PASPA”), is currently pending at the United States Supreme Court. Christopher Christie, Governor of the State of New Jersey, asserts that PASPA effectively requires states to maintain sports

wagering prohibitions, thus violating the anti-commandeering doctrine of the Tenth Amendment. The NCAA argues that commandeering only occurs when Congress requires “affirmative action” from states and maintains that PASPA does not require such action; rather, it merely prohibits states from explicitly authorizing and sponsoring sports gambling. Briefing and oral argument has occurred and a decision from the Supreme Court is expected anytime between now and the end of June.

Many are already preparing for a potential repeal of the federal ban. NBA commissioner Adam Silver has presented his version of a potential framework for legalized sports wagering, which includes a 1 percent “integrity fee,” as he called it, to be paid to the NBA as compensation for the extra resources that must be spent to ensure that the game’s integrity is maintained. He had this to say:

“We will spend this year roughly \$7.5 billion creating this content, creating these games... What will come with legalized sports betting are enormous additional expenses for the league that go directly to integrity.”

However, Silver went on to alternatively refer to the fee as a “royalty fee” linked to “intellectual property.” The idea that the fee is deserved, regardless of what it is to be used for, will be difficult for lawmakers to accept. West Virginia has already approved a bill (Senate Bill 415) that rejects the fee. Silver has said that he is willing to work with officials to find a “fair” compromise.

The 1 percent fee would effectively amount to a 20 percent reduction to state revenue, as typical state revenue from this type of activity is around 5 percent of the total amount bet. The fee, if applied to the five main sports leagues (NBA, NFL, MLB, NHL and NCAA), would effectively eliminate all state revenue and leave nothing to be collected. The NBA and the MLB are working together to ensure that any legislation includes this league fee, lobbying jointly (and often using

the same lobbyists) in half of the states currently seeking legalized sports wagering. To date, the other leagues have not hired lobbyists in states considering legalized sports wagering.

Indiana and Illinois are the only states with pending legislation that include the “integrity fee” for the leagues. Indiana H.B. 1325 was drafted with the help of both the NBA and MLB, while Illinois Sports Betting Bill (SB 3432) is sponsored by Napoleon Harris, a former NFL player and current senator for the 15th district of Illinois. In addition, Illinois has also introduced a bill that gives a state agency the task of creating rules, regulations, and licensing for sports wagering, as well as a bill that would create the “Division of Sports Wagering within the Illinois Gaming Board to issue licenses under the Act” (S.B. 2478 and H.B. 5186, respectively). The state also introduced legislation (S.B. 3125) that would allow the Illinois Racing Board to authorize organization licensees and inter-track wagering location licensees to participate in sports wagering.

Iowa and West Virginia also have pending sports wagering legislation, but neither state chose to include the 1 percent “integrity fee.” In Iowa, H.S.B. 592 would permit mobile sports betting and allow casinos to accept wagers on sporting events. Similarly, West Virginia’s S.B. 415 would also allow sports wagering in casinos and on mobile apps. The leagues, whose fees are left out of the bills, feel that the legislation is insufficient. In a press release, the MLB had this to say about WV’s S.B. 415:

“Any sports betting legislation must include clear, robust and enforceable protections to mitigate any possible risk to our game... The law quickly advancing in West Virginia unfortunately falls short of meeting those critical standards.”

West Virginia recently passed, by unanimous vote, an amendment to send revenue from sports wagering to the Public Employees Insurance Agency’s stabilization fund. The amendment, which is an addition to S.B. 415, will only go into

effect if Congress authorizes sports wagering in its upcoming decision.

Bucking the trend of states that are looking to cash in on sports wagering, Mississippi is fighting to maintain the ban. State Representative Roun McNeal has backed a bill that would, upon a Supreme Court decision to legalize sports wagering, ban all sports betting in the state of Mississippi. Although Mississippi's position puts the state in the minority on the issue, McNeal and other state officials (as well as athletic organizations) are trying to slow the progression of legal sports wagering.

RECORD PAYMENT TO BE ANNOUNCED FOR 2017 OPERATIONS FROM FIREKEEPERS CASINO HOTEL TO STATE OF MICHIGAN & REVENUE SHARING BOARD

On February 26, The Nottawaseppi Huron Band of Potawatomi (NHBP) and the FireKeepers Development Authority will be distributing funds to the State of Michigan and the FireKeepers Local Sharing Board. The record-breaking payment comes from the 2017 operations of the FireKeeper Casino Hotel. This is the ninth payment distributed since the opening of the casino hotel in August of 2009.

The public is invited to join leaders of NHBP and FireKeepers Casino Hotel, along with representatives from the State of Michigan. The event will include speeches, presentation of the check and photo opportunities. Senator Mike Nofs is scheduled to attend to accept the State check. Chairman of the FireKeepers Local Revenue Sharing Board, Derek King will be accepting the local check.

Event information is as follows:

Monday, February 26 – 10:00AM
Firekeepers Casino Hotel Event Ctr–Ballroom D
11177 Michigan Avenue
Battle Creek, Michigan

For more information on the event, contact Jim Wise at (269) 660-5721. To learn more about FireKeepers Casino Hotel, visit <https://firekeeperscasino.com/>.

OHIO CASINO CONTROL COMMISSION MOVES FORWARD ON SKILL-BASED AMUSEMENT MACHINE GAMING REGULATION

The Ohio Casino Control Commission's Division of Skill Games has proposed 28 rules pertaining to skill-based amusement machine (SBAM) games, as well as established application and license fees. Click [here](#) to view the Proposed Rules/Definitions pertaining to Skill Games.

The Rules establish that there are three skill-game categories:

- A - Games that do not enable a payer to receive a prize as a reward except for free replays (pinball and arcade-style games)
- B - Games where a player uses skill to obtain a prize wholly contained within the machine (crane and claw machines)
- C - Games where a player would redeem tickets, tokens or vouchers awarded from the machine to obtain a prize.

Licenses and fees will be based on the type of skill game, and who owns and oversees the machines.

According to its website, effective February 1, 2018, any company interested in seeking certification as an independent skill-based amusement machine testing laboratory may contact Andromeda Morrison, Director of Skill Games, for further information. Requests for game and technology approval may be submitted to the Commission beginning April 23, 2018. Additional details regarding the game/technology approval process will be available to all

stakeholders and interested parties prior to the approval commencement date. The Commission has scheduled Monday, April 23, 2018 as the **tentative** “go-live” date for skill game regulation. Beginning on this date, and continuing until July 22, all type-B operators, type-C operators, and vendors that wish to continue conducting or participating in skill-based amusement machine (SBAM) gaming must register with the Commission. Registered operators and vendors may continue to conduct SBAM operations in Ohio provided they also submit an application for licensure no later than August 21, 2018. Registration remains effective until the Commission renders a final determination on the operator’s or vendor’s application for licensure.

Additionally, all key employees, type-B operators, type-C operators, vendors, and type-C locations must be licensed by the Commission prior to conducting or participating in SBAM gaming in Ohio.

More information regarding the registration and licensing processes will be made available by the Commission closer to April 23.