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SFA**BILL ANALYSIS**

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Senate Bill 569 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Michael J. Bouchard
Committee: Gaming and Casino Oversight

CONTENT

The bill would amend the Michigan Gaming Control and Revenue Act to expand provisions for the licensing, regulation, control, and taxation of casino gaming operations; prescribe additional powers and duties of the Michigan Gaming Control Board; place restrictions on political contributions from casino interests; impose specific requirements on unions that wished to represent casino employees; provide for the regulation of supplier and occupational licenses; and create certain felony and misdemeanor offenses related to casino gaming. The bill is tie-barred to Senate Bill 284, which would amend the Michigan Campaign Finance Act to prohibit committees from accepting contributions from persons with an interest in a casino.

Senate Bill 569 (S-1) also would do all of the following:

- Appropriate \$5 million for fiscal year 1996-97 for the Board's operations.
- Remove language from the Act that currently requires the issuance of licenses (under certain circumstances) first to applicants that had submitted a gaming proposal for voter approval prior to January 1, 1995, in Detroit.
- Require a casino applicant to post a \$1 million bond before a license was issued.
- Specify that employees of the Board, the Department of State Police, and the Department of Attorney General would have the right to be present at any time in a casino or adjacent facility under the control of the licensee; or to inspect any casino at any time, without notice, for the purpose of determining compliance with the Act.
- Remove language from the Act that allows a casino to operate 24 hours per day, every day of the year.
- Prohibit a casino licensee from televising simulcast horse racing on the premises of a casino.
- Regulate the installation of electronic funds transfer terminals in a casino.
- Require a casino to pay Detroit a \$4 million municipal services fee on the day the casino opened, and to pay each year thereafter the greater of \$4 million or 1.25% of gross receipts.
- Impose an annual assessment of \$1,500 per slot machine in a casino, and one-tenth of 1% of the gross wagers.
- Allow the Board to appoint a conservator to control casino operations in the event the Board revoked or suspended a casino license.
- Provide for the creation of a "disassociated persons" list for the voluntary participation of problem gamblers who wished to make it illegal for themselves to enter a casino.
- Prohibit a casino licensee from accepting from a wagerer a lien on real or personal property to extend credit, or for the payment of a debt.
- Require a labor organization or union seeking to represent employees of a casino or casino enterprise, or a casino supplier to register with the Board each year and disclose information as required by the Board.
- Forbid a registered labor organization or union, or its officers or agents from holding any financial interest in a licensed casino, casino enterprise, or casino supplier.

- Require a casino, in addition to paying all application and license fees, to pay the actual ordinary and reasonable expenses of operating the Board, as well as related legal services provided by the Attorney General and services provided by the Department of State Police.
- Provide that if a Federal court, agency rules, or Federal legislation allowed a state to regulate gambling on Native American land or land held in trust by the United States for a Federally recognized Indian tribe, the Act would apply to casinos that were operated on that land.

MCL 432.202 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

State Fiscal Impact. The bill indicates that all actual ordinary, necessary, and reasonable expenses of the Control Board, casino-related legal services provided by the State Attorney General, and casino-related services provided by the State Police would be paid by the licensee and not included or deducted from any tax provided in the Michigan Gaming Control and Revenue Act. A nonrefundable application fee of \$50,000 would be paid by the casino applicants, plus any additional amount needed to reimburse the Board for the investigation costs. Additionally, an annual \$1,500 fee per slot machine would be assessed, which would total an estimated \$9.0 million per year, and would be deposited into the Casino Gaming Enforcement Fund to be used for additional unspecified enforcement and administrative costs.

There also would be an annual assessment of one-tenth of 1% of the gross wagers made in the casinos. The assessment is estimated to total \$11.0 million in FY 1998-99, and would be deposited into the Compulsive Gaming Prevention Fund.

This bill also would create a State Casino Gaming Fund to receive the State's 45% portion of the 18% wagering tax imposed on the adjusted gross receipts of the casinos. Other fees, fines, and charges collected under the bill and not specified to be deposited into other funds also would be deposited into the State Casino Gaming Fund.

The bill provides for a FY 1996-97 appropriation of \$5.0 million for the purpose of funding the operations of the Board, which would come from the General Fund. The casino licensees would reimburse the \$5.0 million on a pro rata basis no later than the first day the casinos opened.

Local Fiscal Impact. This bill specifies that the development agreement between the City of Detroit and the designated developer of a casino would provide for the reimbursement of predevelopment and infrastructure costs by the casino. Additionally, the casinos would have to submit \$4.0 million for the municipal services fee on the first day of operation, instead of after one year of operations.

Date Completed: 6-10-97

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.