

# Legislative Analysis

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## CASINO TAX

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4612 as passed by the Senate**

**Sponsor: Rep. Rich Brown**

**House Committee: Agriculture and Resource Management**

**Senate Committee: None (Referred to the Committee of the Whole)**

**Complete to 7-14-04**

## A SUMMARY OF HOUSE BILL 4612 (S-9) AS PASSED BY THE SENATE

This bill would amend the "Michigan Gaming Control and Revenue Act" to increase the wagering tax and to provide for earmarking of the increase. The increase in the wagering tax would equal 6% of the adjusted gross receipts. One-third (or 2% of the 6%) of the increase would be allocated to the City of Detroit and the remaining two-thirds (or 4% of the 6%) would go to the State General Fund/General Purpose (GF/GP). This increase would be in effect through December 31, 2005. After December 31, 2005, the 2% share earmarked to the City of Detroit would be removed.

After a casino becomes fully operational (fully operating, including its hotel, as specified under its development agreement) at its permanent location, then the 6% tax shall be reduced to 1% to be deposited into the State GF/GP. In addition, if a casino imposes a surcharge or an admission fee, then a tax equal to 25% of the surcharge would be imposed and earmarked to the State GF/GP.

MCL 432.212

## FISCAL IMPACT:

This bill would increase State GF/GP revenue by an estimated \$7.9 million in fiscal year (FY) 2003-04 and \$49.0 million in FY 2004-05. In addition, the residents of the City of Detroit would need to approve an increase in the local portion of the tax. If local approval were obtained, then the City of Detroit would receive an estimated \$24.5 million in FY 2004-05.

Fiscal Analyst: Rebecca Ross

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