

Legislative Analysis



CASINO TAX

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House Bill 4612 (Conference Committee Report S-9 CR-1)

Sponsor: Rep. Rich Brown

House Committee: Agriculture and Resource Management

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

Complete to 8-4-04

A SUMMARY OF HOUSE BILL 4612 (S-9 CR-1) AS RECOMMENDED BY THE CONFERENCE COMMITTEE

This bill would amend the Michigan Gaming Control and Revenue Act to increase the 18 percent wagering tax to 24 percent, and to earmark the increase among the state and the City of Detroit. One-third of the increase would be allocated to the City of Detroit and the remaining two-thirds 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 two percent share earmarked to the City of Detroit would be removed. The additional tax would then equal four percent to the State General Fund/General Purpose.

If a casino did not become fully operational at its permanent location—as specified under its development agreement—the additional wagering tax, would increase by one percent on July 1 of 2009, 2010, and 2011. The additional one percent, above the four percent that would go to the state in those years, would be paid to the city of Detroit. That is, the city would receive one percent starting July 1, 2009, two percent starting July 1, 2010, and three percent starting July 1, 2011. After a casino became fully operational at its permanent location the additional wagering tax would be reduced to one percent allocated to the city of Detroit.

However, if the McCauley-Traxler-Law-Bowman-McNeely Lottery Act were amended to permit the operation of video lottery terminals at licensed horse race tracks in the state (and if those VLTs were in operation), the additional wagering tax would be removed, and the total wagering tax would revert to the current rate of 18 percent.

If VLTs were approved and operational, a casino could, upon permission from the Michigan Gaming Control Board, make application to the Office of Racing Commissioner to conduct simulcast horse races in accordance with the provisions of the Horse Racing Law of 1995. Simulcasting and wagering would be subject to the control of the racing commissioner and the Michigan Gaming Control Board. A casino that operated simulcast racing would be entitled to the same commission on horse races simulcast by the casino. The same taxes, fees, and other deductions would be subtracted and paid from the casino's commission in accordance with the Horse Racing Law of 1995.

The bill would take effect September 1, 2004.

MCL 432.212

FISCAL IMPACT:

This bill would increase State General Fund/General Purpose (GF/GP) revenue by an estimated \$4.1 million in fiscal year (FY) 2003-04 and \$49.0 million in FY 2004-05. In addition, this bill would increase revenue to the City of Detroit by an estimated \$2.0 million in FY 2003-04 (State fiscal year) and \$24.5 million in FY 2004-05. The fiscal impact in future years depends on the date the permanent casinos become operational and the adjusted gross receipts generated from the permanent casinos.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.