

# Legislative Analysis



**This revised summary replaces the summary as recommended by the second Conference Committee dated 8-4-04.**

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## CASINO TAX

**House Bill 4612 (2nd Conference Committee Report S-9 CR-2\*)**

**Sponsor: Rep. Rich Brown**

**House Committee: Agriculture and Resource Management**

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

**Complete to 8-5-04**

## **A REVISED SUMMARY OF HOUSE BILL 4612 (S-9 CR-2\*) AS RECOMMENDED BY THE CONFERENCE COMMITTEE**

The bill would amend the Michigan Gaming Control and Revenue Act to increase the 18 percent wagering tax by six percentage points to 24 percent, and to earmark the additional wagering tax revenue among the state and the City of Detroit. One-third of the additional wagering tax (two percent) would be allocated to the City of Detroit, seven-twelfths (three and one-half percent) would go to the State General Fund/General Purpose, and the remaining one-twelfth (one half of one percent) would go to the Michigan Agriculture Equine Industry Development Fund.

If a casino did not become fully operational at its permanent location, as specified under its development agreement, the additional six percent wagering tax would increase by one percent on July 1 of 2009, 2010, and 2011. The one percent increase imposed in each of those three years would be paid to the City of Detroit. The additional wagering tax would be seven percent starting July 1, 2009, eight percent starting July 1, 2010, and nine 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 and 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, apply 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, but would also become part of the casino's operation subject to the control of the Michigan Gaming Control Board. A casino that operated simulcast racing would be entitled to the same commission on those races as horse races simulcast by race meeting licensees. 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:**

State General Fund/General Purpose (GF/GP) revenue would increase by an estimated \$3.6 million in FY 2003-04 and \$43.0 million in FY 2004-05. The remaining state portion would be earmarked to the Michigan Agriculture Equine Industry Development Fund (\$0.5 million in FY 2003-04 and \$6.0 million in FY 2004-05). In addition, this bill would increase revenue to the City of Detroit by an estimated \$2.0 million in state FY 2003-04 and \$24.5 million in state 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 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.