

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4612

A bill to amend the Initiated Law of 1996, entitled
"Michigan gaming control and revenue act,"
by amending section 12 (MCL 432.212), as amended by 1997 PA 69.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) A wagering tax is imposed on the adjusted
2 gross receipts received by the licensee from gaming authorized
3 under this act at the rate of 18%. If a city ~~does~~ **exercises**
4 either of the options in subsection (4), the tax rate under this
5 subsection shall be 8.1% and deposited in the state school aid
6 fund to provide additional funds for K-12 classroom education.
7 If the city rescinds or is otherwise unable to exercise 1 of the
8 options in subsection (4), the tax rate under this subsection
9 shall be 18%. A tax rate of 18% imposed under this subsection
10 shall cover any period for which the city does not or is unable
11 to exercise 1 of the options in subsection (4).

1 (2) The state casino gaming fund is created in the department
2 of treasury. The fund ~~is to~~ **shall** be administered by the
3 department in accordance with this act. Except as provided in
4 sections 12a and 13, the wagering ~~tax~~ **taxes imposed under**
5 **subsections (1), (5), and (6)** plus all other fees, fines, and
6 charges imposed by the state shall be deposited into the state
7 casino gaming fund. The wagering tax is to be remitted daily by
8 the holder of a casino license to the department of treasury by
9 electronic wire transfer of funds. The state shall remit the
10 city's portion of the wagering tax to the city daily by
11 electronic wire transfer of funds as provided by this act.

12 (3) If the state imposes a wagering tax **under subsection (1)**
13 equal to 18% of adjusted gross receipts, the state casino gaming
14 fund shall be allocated as follows:

15 (a) 55% to the city in which a casino is located for use in
16 connection with the following:

17 (i) The hiring, training, and deployment of street patrol
18 officers.

19 (ii) Neighborhood and downtown economic development programs
20 designed to create local jobs.

21 (iii) Public safety programs such as emergency medical
22 services, fire department programs, and street lighting.

23 (iv) Anti-gang and youth development programs.

24 (v) Other programs that are designed to contribute to the
25 improvement of the quality of life in the city.

26 (vi) Relief to the taxpayers of the city from 1 or more taxes
27 or fees imposed by the city.

1 (vii) The costs of capital improvements.

2 (viii) Road repairs and improvements.

3 (b) 45% to the state to be deposited in the state school aid
4 fund to provide additional funds for K-12 classroom education.

5 (4) A city in which a licensee is located may do 1 of the
6 following:

7 (a) In the development agreement into which the city is
8 entitled to enter, include a provision that requires the licensee
9 located in the city to pay the city a payment equal to 9.9% of
10 the adjusted gross receipts received by the licensee from gaming
11 authorized under this act.

12 (b) By ordinance, levy, assess, and collect an excise tax
13 upon licensees located in the city at a rate of 9.9% of the
14 adjusted gross receipts received by the licensee from gaming
15 authorized under this act.

16 (5) Subject to subsections (6) and (7), a wagering tax in
17 addition to the tax imposed in subsection (1) is imposed on the
18 adjusted gross receipts received by a licensee from gaming
19 authorized under this act at the rate of 6%. Money from the tax
20 imposed under this subsection that has been deposited in the
21 state casino gaming fund shall be allocated 1/3 to the city in
22 which the licensee's casino is located for use in connection with
23 the purposes listed in subsection (3)(a) and 2/3 to the general
24 fund. The city may exercise either of the options in subsection
25 (4) with regard to the city's share of the tax under this
26 subsection. For a period during which the licensee is paying the
27 city's share of the tax under this subsection directly to the

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1 city under either of the options in subsection (4), the payment
2 to the state casino gaming fund under this subsection shall be 4%
3 and shall be allocated entirely to the general fund.

4 (6) Subject to subsection (7), after December 31, 2005, the
5 wagering tax imposed under subsection (5) shall be 4% and shall
6 be deposited entirely in the general fund.

7 (7) After a casino licensee is fully operational at its
8 permanent casino location under and in compliance with its
9 development agreement that is in existence on July 1, 2004 or a
10 subsequent original development agreement, the licensee may apply
11 to the board for certification under this subsection. If the
12 board determines that a licensee that makes an application under
13 this subsection has been fully operational at its permanent
14 casino location, under and in compliance with its development
15 agreement that is in existence on July 1, 2004 or a subsequent
16 original development agreement, for at least 30 consecutive days,
17 the board shall certify the licensee under this subsection, and
18 the tax imposed on the licensee under subsection (5) or (6) shall
19 be, retroactive to the first day of the 30-day period on which
20 the board based its certification, reduced <<to 1% to be deposited
entirely into the general fund>>.

21 (8) On or before each September 30 after the board certifies
22 a licensee under subsection (7), the board shall determine the
23 number of days since the previous certification that the licensee
24 has been fully operational only at its permanent casino location
25 under and in compliance with its development agreement that was
26 in existence on July 1, 2004 or a subsequent original development
27 agreement, and the number of days that the licensee operated

1 entirely or partially at a location other than that permanent
2 casino location. The board shall issue a new certification after
3 making the determination under this subsection, certifying both
4 numbers of days and identifying the days on which the licensee
5 operated entirely or partially at a location other than its
6 permanent location. The board shall retroactively apply the
7 higher applicable tax rate under subsection (5) or (6) to the
8 adjusted gross receipts received by the licensee on the days on
9 which the licensee operated entirely or partially at a location
10 other than its permanent location.

11 (9) If a casino licensee imposes a surcharge on its patrons,
12 a surcharge tax is imposed on money received by the licensee
13 because of those charges of 25%. The tax imposed by this
14 subsection shall be remitted, deposited, paid, and administered
15 in the same manner as the wagering tax under subsection (2) and
16 allocated entirely to the general fund. As used in this
17 subsection, "surcharge" means a charge to enter a casino or,
18 except for the money wagered, as a condition to participate in
19 gaming.

20 (10) ~~—(5)—~~ Payments ~~of any amount required~~ to a city under
21 **1 of the options in** subsection (4) shall be made in a manner, at
22 those times, and subject to reporting requirements and penalties
23 and interest for delinquent payment as may be provided for in the
24 development agreement ~~—~~ if the payment is required under a
25 development agreement, or by ordinance if the payment is required
26 for a tax levied by the city. Payments required under subsection
27 (4) (a) may be in addition to any other payments which may be

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1 required in the development agreement for the conveyance of any
2 interest in property, the purchase of services, or the
3 reimbursement of expenses. Payments to a city under subsection
4 (4) shall be used by the city for the purposes listed in
5 subsection (3) (a).

6 (11) ~~(6)~~ Approval by the city of a development agreement or
7 **adoption of** an ordinance approving either casino gaming or the
8 levy of a local excise tax ~~shall not be considered~~ **does not**
9 **constitute** the granting of a franchise or license by the city for
10 purposes of any statutory, charter, or constitutional provision.

11 (12) ~~(7)~~ The wagering ~~tax~~ **taxes** imposed under ~~subsection~~
12 ~~(1)~~ **this section** and any tax imposed under section 13(2) shall
13 be administered by the department of treasury in accordance with
14 1941 PA 122, MCL 205.1 to 205.31, and this act. In case of
15 conflict between the provisions of 1941 PA 122, MCL 205.1 to
16 205.31, and this act, the provisions of this act shall prevail.

17 (13) ~~(8)~~ Funds from this act shall not be used to supplant
18 existing state appropriations or local expenditures.

**<<(14) As used in this section, "fully operational" means fully
operating the licensee's entire casino and casino enterprise, including,
but not limited to, its hotel required under its development agreement.>>**

19 Enacting section 1. This amendatory act takes effect
20 August 1, 2004.