

# HOUSE BILL No. 4648

May 17, 2011, Introduced by Reps. Tlaib, Olumba and Santana and referred to the Committee on Tax Policy.

A bill to amend 1996 IL 1, entitled  
"Michigan gaming control and revenue act,"  
by amending section 12 (MCL 432.212), as amended by 2004 PA 306.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 12. (1) A wagering tax is imposed on the adjusted gross  
2       receipts received by the licensee from gaming authorized under this  
3       act at the rate of ~~18%~~ **23%**. If a city exercises either of the  
4       options in subsection (4), the tax rate under this subsection shall  
5       be ~~8.1%~~ **10.1%** and deposited in the state school aid fund to provide  
6       additional ~~funds~~ **MONEY** for K-12 classroom education. If the city  
7       rescinds or is otherwise unable to exercise 1 of the options in  
8       subsection (4), the tax rate under this subsection shall be ~~18%~~  
9       **23%**. A tax rate of ~~18%~~ **23%** imposed under this subsection shall  
10      cover any period for which the city does not or is unable to

1 exercise 1 of the options in subsection (4).

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

13 (3) If the state imposes a wagering tax under subsection (1)  
14 equal to ~~18%~~**23%** of adjusted gross receipts, money in the state  
15 casino gaming fund that is not from a tax imposed under subsections  
16 (5) to (8) shall be allocated as follows:

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

19 (i) The hiring, training, and deployment of street patrol  
20 officers.

21 (ii) Neighborhood and downtown economic development programs  
22 designed to create local jobs.

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

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

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

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

(vii) The costs of capital improvements.

(viii) Road repairs and improvements.

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

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

(a) In the development agreement into which the city is entitled to enter, include a provision that requires the licensee located in the city to pay the city a payment equal to ~~9.9%~~**12.9%** of the adjusted gross receipts received by the licensee from gaming authorized under this act.

(b) By ordinance, levy, assess, and collect an excise tax upon licensees located in the city at a rate of ~~9.9%~~**12.9%** of the adjusted gross receipts received by the licensee from gaming authorized under this act.

(5) Subject to subsections (6) to (8), a wagering tax in addition to the tax imposed in subsection (1) is imposed on the adjusted gross receipts received by a licensee from gaming authorized under this act at the rate of 6%. Money from the tax imposed under this subsection that has been deposited in the state casino gaming fund shall be allocated 1/3 to the city in which the licensee's casino is located ~~for use in connection with~~**TO BE EXPENDED FOR** the purposes listed in subsection (3)(a), 7/12 to the general fund, and 1/12 to the Michigan agriculture equine industry

1 development fund. The city may collect its share of the tax under  
2 this subsection directly using 1 of the methods in subsection (4).  
3 For a period during which the licensee is paying the city's share  
4 of the tax under this subsection directly to the city under either  
5 of the methods in subsection (4), the payment to the state casino  
6 gaming fund under this subsection shall be 4% and shall be  
7 allocated 7/8 to the general fund and 1/8 to the Michigan  
8 agriculture equine industry development fund.

9 (6) Subject to subsections (7) and (8), and unless an act of  
10 God, a war, a disaster, or an act of terrorism directly and  
11 substantially impacts the ability of the licensee to complete  
12 construction of its casino and casino enterprise, if a casino  
13 licensee is not fully operational by each of the following dates,  
14 the tax on the licensee under subsection (5) shall be as follows:

15 (a) July 1, 2009, 7%, allocated 1/2 to the general fund, 1/14  
16 to the Michigan agriculture equine industry development fund, and  
17 3/7 to the city in which the licensee's casino is located.

18 (b) July 1, 2010, 8%, allocated 7/16 to the general fund, 1/16  
19 to the Michigan agriculture equine industry development fund, and  
20 1/2 to the city in which the licensee's casino is located.

21 (c) July 1, 2011, 9%, allocated 7/18 to the general fund, 1/18  
22 to the Michigan agriculture equine industry development fund, and  
23 5/9 to the city in which the licensee's casino is located.

24 (7) Subject to subsection (8), and irrespective of whether  
25 there has been an increase under subsection (6), after a casino  
26 licensee has been fully operational for 30 consecutive days, the  
27 licensee may apply to the board for certification under this

1 subsection. If the board determines that a licensee that makes an  
2 application under this subsection has been fully operational and in  
3 compliance with its development agreement that is in existence on  
4 July 1, 2004 or a subsequent original development agreement, for at  
5 least 30 consecutive days, the board shall certify the licensee  
6 under this subsection, and the tax imposed on the licensee under  
7 subsection (5), as adjusted, if applicable, by subsection (6),  
8 shall be, retroactive to the first day of the 30 consecutive day  
9 period that the licensee was fully operational, reduced to 1% and  
10 shall be allocated entirely to the city where the licensee operates  
11 its casino.

12 (8) If the McCauley-Traxler-Law-Bowman-McNeely lottery act,  
13 1972 PA 239, MCL 432.1 to 432.47, is amended to allow the operation  
14 of video lottery at horse racetracks in this state, and if video  
15 lottery is being conducted at horse racetracks in this state, the  
16 licensee is no longer obligated to pay the wagering tax under  
17 subsections (5) to (7).

18 (9) Notwithstanding section 9b, if the McCauley-Traxler-Law-  
19 Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is  
20 amended to allow the operation of video lottery at horse racetracks  
21 in this state, and if video lottery is being conducted at horse  
22 racetracks in this state, a casino licensee may, after obtaining  
23 approval from the board, apply to the ~~racing commissioner~~ **EXECUTIVE**  
24 **DIRECTOR OF THE BOARD** for authorization to simulcast horse races  
25 under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to  
26 431.336. A casino licensee that is authorized under this subsection  
27 shall display and allow wagering on simulcast horse races only at

1 the licensee's casino and shall comply with all applicable  
2 provisions of the horse racing law of 1995, 1995 PA 279, MCL  
3 431.301 to 431.336, rules promulgated under that act, and the  
4 written permit to conduct simulcasting and any related order issued  
5 to the licensee by the ~~racing commissioner~~ **EXECUTIVE DIRECTOR OF**  
6 **THE BOARD**. Simulcasting and wagering under this subsection are  
7 under the primary control of the ~~racing commissioner~~ **EXECUTIVE**  
8 **DIRECTOR OF THE BOARD**, and the ~~racing commissioner~~ **EXECUTIVE**  
9 **DIRECTOR** may revoke or suspend the authorization of or take other  
10 disciplinary action against the licensee for failing to comply with  
11 a law, rule, permit, or order as required by this subsection.  
12 However, the simulcasting and wagering under this subsection is  
13 part of the licensee's casino operation under this act and subject  
14 to the same control by the board as are other parts of the  
15 licensee's casino operation. The board may take disciplinary action  
16 under section 4a against a casino licensee for failure to comply  
17 with a law, rule, permit, or order as required by this subsection.

18 (10) A casino licensee is entitled to the same commission from  
19 money wagered on horse races simulcast by the licensee as a race  
20 meeting licensee is entitled to receive from wagering on simulcast  
21 horse races under the horse racing law of 1995, 1995 PA 279, MCL  
22 431.301 to 431.336. The same taxes, fees, and other deductions  
23 shall be subtracted and paid from the licensee's commission as are  
24 subtracted and paid from a race meeting licensee's commission under  
25 the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

26 (11) Payments to a city under 1 of the methods in subsection  
27 (4) shall be made in a manner, at those times, and subject to

1 reporting requirements and penalties and interest for delinquent  
 2 payment as may be provided for in the development agreement if the  
 3 payment is required under a development agreement, or by ordinance  
 4 if the payment is required for a tax levied by the city. Payments  
 5 ~~required under the method described in~~ subsection (4) (a) may be in  
 6 addition to **PAID WITH** any other payments ~~which may be required in~~  
 7 **UNDER** the development agreement for the conveyance of ~~any~~ **AN**  
 8 interest in property, the purchase of services, or the  
 9 reimbursement of expenses. Payments to a city under ~~the method~~  
 10 ~~described in~~ subsection (4) shall be used by the city for the  
 11 purposes listed in subsection (3) (a).

12 (12) Approval by the city of a development agreement or  
 13 adoption of an ordinance approving either casino gaming or the levy  
 14 of a local excise tax does not constitute the granting of a  
 15 franchise or license by the city for purposes of any statutory,  
 16 charter, or constitutional provision.

17 (13) The taxes imposed under this section and any tax imposed  
 18 under section 13(2) shall be administered by the department of  
 19 treasury in accordance with 1941 PA 122, MCL 205.1 to 205.31, and  
 20 this act. In case of conflict between ~~the provisions of~~ 1941 PA  
 21 122, MCL 205.1 to 205.31, and this act, ~~the provisions of this act~~  
 22 ~~prevail.~~ **PREVAILS.**

23 (14) ~~Funds~~ **MONEY** from this act shall not be used to supplant  
 24 existing state appropriations or local expenditures.

25 (15) As used in this section:

26 (a) "Fully operational" means that a certificate of occupancy  
 27 has been issued to the casino licensee for the operation of a hotel

1 with not fewer than 400 guest rooms and, after issuance of the  
2 certificate of occupancy, the casino licensee's casino, casino  
3 enterprise, and 400-guest-room hotel have been opened and made  
4 available for public use at their permanent location and maintained  
5 in that status.

6 (b) "Michigan agriculture equine industry development fund"  
7 means the Michigan agriculture equine industry development fund  
8 created in section 20 of the horse racing law of 1995, 1995 PA 279,  
9 MCL 431.320.