

HOUSE BILL NO. 6464

December 01, 2020, Introduced by Rep. Iden and referred to the Committee on Ways and Means.

A bill to amend 1996 IL 1, entitled
"Michigan Gaming Control and Revenue Act,"
by amending section 12 (MCL 432.212), as amended by 2019 PA 158;
and to repeal acts and parts of acts.

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 a casino licensee from gaming authorized under
3 this act at the rate of 18%. If a city exercises either of the
4 options in subsection (4), the tax rate under this subsection is
5 8.1% and must be deposited in the state school aid fund to provide

1 additional funds for K-12 classroom education. If a city rescinds
2 or is otherwise unable to exercise 1 of the options in subsection
3 (4), the tax rate under this subsection is 18%. A tax rate of 18%
4 imposed under this subsection covers any period for which the city
5 does not or is unable to exercise 1 of the options in subsection
6 (4).

7 (2) The state casino gaming fund is created in the department.
8 The **department shall administer the** fund ~~shall be administered by~~
9 ~~the department~~ in accordance with this act. Except as provided in
10 sections 12a and 13, the taxes imposed under this section plus all
11 other fees, fines, and charges imposed by this state under this act
12 must be deposited into the state casino gaming fund. A casino
13 licensee shall remit the wagering tax to the department daily by
14 electronic wire transfer of funds. The department shall remit the
15 city's portion of the wagering tax to the city daily by electronic
16 wire transfer of funds as provided by this act.

17 (3) If the wagering tax imposed under subsection (1) is 18% of
18 adjusted gross receipts, money in the state casino gaming fund that
19 is not from a tax imposed under subsections (5) to (8) must be
20 allocated as follows:

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

23 (i) The hiring, training, and deployment of street patrol
24 officers.

25 (ii) Neighborhood and downtown economic development programs
26 designed to create local jobs.

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

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

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

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

5 (vii) The costs of capital improvements.

6 (viii) Road repairs and improvements.

7 (b) 45% to the state to be deposited in the state school aid
8 fund established under section 11 of article IX of the state
9 constitution of 1963 to provide additional funds for K-12 classroom
10 education.

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

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

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

22 (5) Subject to subsections (6) to (8), a wagering tax in
23 addition to the tax imposed in subsection (1) is imposed on the
24 adjusted gross receipts received by a licensee from gaming
25 authorized under this act at the rate of 6%. Money from the tax
26 imposed under this subsection that has been deposited in the state
27 casino gaming fund must be allocated 1/3 to the city in which the
28 licensee's casino is located for use in connection with the
29 purposes listed in subsection (3) (a), 7/12 to the general fund, and

1 1/12 to the Michigan agriculture equine industry development fund.
2 The city may collect its share of the tax under this subsection
3 directly using 1 of the methods in subsection (4). For a period
4 during which the licensee is paying the city's share of the tax
5 under this subsection directly to the city under either of the
6 methods in subsection (4), the payment to the state casino gaming
7 fund under this subsection is 4% and must be allocated 7/8 to the
8 general fund and 1/8 to the Michigan agriculture equine industry
9 development fund.

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

16 (a) July 1, 2009, 7%, allocated 1/2 to the general fund, 1/14
17 to the Michigan agriculture equine industry development fund, and
18 3/7 to the city in which the licensee's casino is located.

19 (b) July 1, 2010, 8%, allocated 7/16 to the general fund, 1/16
20 to the Michigan agriculture equine industry development fund, and
21 1/2 to the city in which the licensee's casino is located.

22 (c) July 1, 2011, 9%, allocated 7/18 to the general fund, 1/18
23 to the Michigan agriculture equine industry development fund, and
24 5/9 to the city in which the licensee's casino is located.

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

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

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

17 ~~(9) Notwithstanding section 9b, if the McCauley-Traxler-Law-~~
18 ~~Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is~~
19 ~~amended to allow the operation of video lottery at horse racetracks~~
20 ~~in this state, and if video lottery is being conducted at horse~~
21 ~~racetracks in this state, a casino licensee may, after obtaining~~
22 ~~approval from the board, apply to the racing commissioner for~~
23 ~~authorization to simulcast horse races under the horse racing law~~
24 ~~of 1995, 1995 PA 279, MCL 431.301 to 431.336. A casino licensee~~
25 ~~that is authorized under this subsection shall comply with all~~
26 ~~applicable provisions of the horse racing law of 1995, 1995 PA 279,~~
27 ~~MCL 431.301 to 431.336, rules promulgated under that act, and the~~
28 ~~written permit to conduct simulcasting and any related order issued~~
29 ~~to the casino licensee by the racing commissioner. Simulcasting and~~

~~wagering under this subsection are under the primary control of the racing commissioner, and the racing commissioner may revoke or suspend the authorization of or take other disciplinary action against the casino licensee for failing to comply with a law, rule, permit, or order as required by this subsection. However, the simulcasting and wagering under this subsection is part of the licensee's casino operation under this act and subject to the same control by the board as are other parts of the licensee's casino operation. The board may take disciplinary action under section 4a against a casino licensee for failure to comply with a law, rule, permit, or order as required by this subsection.~~

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

~~(9) (11)~~ Payments to a city under 1 of the methods in subsection (4) must be made in a manner, at those times, and subject to reporting requirements and penalties and interest for delinquent payment as may be provided for in the development agreement if the payment is required under a development agreement, or by ordinance if the payment is required for a tax levied by the city. Payments required under the method described in subsection (4)(a) may be in addition to any other payments that may be required in the development agreement for the conveyance of any interest in property, the purchase of services, or the

1 reimbursement of expenses. Payments to a city under the method
2 described in subsection (4) must be used by the city for the
3 purposes listed in subsection (3) (a).

4 **(10)** ~~(12)~~—Approval by the city of a development agreement or
5 adoption of an ordinance approving either casino gaming or the levy
6 of a local excise tax does not constitute the granting of a
7 franchise or license by the city for purposes of any statutory,
8 charter, or constitutional provision.

9 **(11)** ~~(13)~~—The taxes imposed under this section and any tax
10 imposed under section 13(2) must be administered by the department
11 of treasury in accordance with 1941 PA 122, MCL 205.1 to 205.31,
12 and this act. In case of conflict between the provisions of 1941 PA
13 122, MCL 205.1 to 205.31, and this act, the provisions of this act
14 prevail.

15 **(12)** ~~(14)~~—Funds from this act must not be used to supplant
16 existing state appropriations or local expenditures.

17 **(13)** ~~(15)~~—If internet sports betting or other forms of
18 internet gaming are authorized and regulated by other laws of this
19 state, any taxes, payments, and fees relating to such internet
20 wagers received by a casino licensee and such internet gaming are
21 subject to those other laws of this state.

22 **(14)** ~~(16)~~—Except as otherwise provided in subsection ~~(15)~~,
23 **(13)**, and in lieu of the taxes and fees that otherwise would be
24 imposed under this act on sports betting, a wagering tax of 8.4% is
25 imposed on the qualified adjusted gross receipts received by a
26 casino licensee from any form of sports betting conducted under
27 this act. Wagering taxes paid under this subsection must be
28 allocated as provided in subsection (3). As used in this
29 subsection:

(a) "Gross sports betting receipts" means the total of all sums, including, but not limited to, valid or invalid checks, valid or invalid credit or debit card deposits, valid or invalid ACH deposits, currency, coupons, free play or promotional credits, redeemable credits, vouchers, entry fees assessed for tournaments or other contests, or instruments of monetary value whether collected or uncollected, in each case actually wagered by a person authorized by law to participate in sports betting at or with a casino licensee on sports betting, less all of the following:

(i) Winnings.

(ii) Amounts returned to a person authorized by law to participate in sports betting due to a game, platform, or system malfunction or because the sports bet must be voided due to concerns regarding integrity of the wager or game.

(iii) Uncollectible markers or successfully disputed credit or debit card charges that were previously included in the computation of gross sports betting receipts.

(b) "Qualified adjusted gross receipts" means gross sports betting receipts minus the monetary value of free play provided to and wagered by persons authorized by law to participate in sports betting as an incentive to place or as a result of their having placed sports betting wagers.

(15) ~~(17)~~ Notwithstanding subsection ~~(15)~~, **(13)**, if a casino licensee provides a wagerer with a device to conduct internet gaming while at the casino, the taxes otherwise provided for under subsections (1) to ~~(14)~~, **(12)**, not to exceed 19%, are imposed on the adjusted gross receipts received by the casino licensee from the wagerer's internet gaming on the device. This subsection does not apply to sports betting.

1 **(16)** ~~(18)~~—A casino licensee shall provide to the board a
 2 monthly report to include all of the following regarding its gaming
 3 operations under this act by game category, such as slots, poker
 4 and table games, and sports betting by sport:

5 (a) Total amount of wagers received.

6 (b) Winnings.

7 (c) Free play redeemed.

8 (d) Deductions.

9 (e) Adjusted gross receipts.

10 **(17)** ~~(19)~~—The board shall provide the report under subsection
 11 ~~(18)~~ **(16)** to the department and state budget office on request. In
 12 addition, the department and the state budget office may request
 13 additional information from the casino licensees that is directly
 14 related to, and for the purposes of verification of, the financial
 15 data provided under subsection ~~(18) (a) and (b)~~, **(16) (a) and (b)**,
 16 which must be provided within 60 days after the request. All
 17 information provided under this section is confidential and
 18 proprietary and is exempt from disclosure under the freedom of
 19 information act, 1976 PA 442, MCL 15.231 to 15.246.

20 **(18)** ~~(20)~~—This section does not impair the contractual rights
 21 under an existing development agreement between a city and a casino
 22 licensee.

23 **(19)** ~~(21)~~—As used in this section:

24 (a) "Fully operational" means that a certificate of occupancy
 25 has been issued to the casino licensee for the operation of a hotel
 26 with not fewer than 400 guest rooms and, after issuance of the
 27 certificate of occupancy, the casino licensee's casino, casino
 28 enterprise, and 400-guest-room hotel have been opened and made
 29 available for public use at their permanent location and maintained

1 in that status.

2 (b) "Michigan agriculture equine industry development fund"
3 means the Michigan agriculture equine industry development fund
4 created in section 20 of the horse racing law of 1995, 1995 PA 279,
5 MCL 431.320.

6 Enacting section 1. Section 9b of the Michigan Gaming Control
7 and Revenue Act, 1996 IL 1, MCL 432.209b, is repealed.

8 Enacting section 2. This amendatory act does not take effect
9 unless all of the following bills of the 100th Legislature are
10 enacted into law:

11 (a) Senate Bill No. 661.

12 (b) Senate Bill No. ____ or House Bill No. 6462 (request no.
13 07887'20).

14 (c) Senate Bill No. ____ or House Bill No. 6463 (request no.
15 07889'20).