

GAMING AMENDMENTS

House Bills 6462, 6463, and 6464 as introduced

Sponsor: Rep. Brandt Iden

Committee: Ways and Means

Complete to 12-2-20

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bills 6462, 6463, and 6464 would make amendments to different acts that pertain to gaming. The bills are tie-barred to each other and to Senate Bill 661.¹ A bill cannot take effect unless every bill to which it is tie-barred is also enacted.

House Bill 6462 would amend the Lawful Sports Betting Act to revise the allocation of the tax imposed under the act and to revise the definition of “athletic event” for purposes of the act.

Under the act, a sports betting operator that is not an Indian tribe is subject to a tax of 8.4% on its adjusted gross sports betting receipts. This tax must be allocated as follows:

- 30% to the city in which the casino is located.
- 65% to the state to be deposited into the Internet Sports Betting Fund.
- 5% to the Agriculture Equine Industry Development Fund (AEIDF), with any amount over \$3.0 million in a fiscal year going to the Internet Sports Betting Fund.

The bill would remove the allocation to the AEIDF (and contingently to the Internet Sports Betting Fund) and instead direct that 5% must be allocated to the Michigan Economic Development Corporation (MEDC).

Currently, the act defines “athletic event” for its purposes (i.e., regulating sports betting on athletic events) as including “Horse racing if sports betting on that race is pari-mutuel.” The bill would add that the term “pari-mutuel” in this provision has the meaning given to it in the Horse Racing Law: “the form or system of gambling in which the winner or winners divide the total amount of money bet, after deducting the net commission.”

MCL 432.403 and 432.415

House Bill 6463 would amend the Lawful Internet Gaming Act to revise a citation to the Michigan Gaming Control and Revenue Act in light of a renumbering of provisions in that act that would be made by House Bill 6464.

MCL 432.304 and 432.314

House Bill 6464 would repeal section 9b of the Michigan Gaming Control and Revenue Act. That section prohibits a person who holds a casino license from television or allowing any other person to televise simulcast horse races on the premises of the casino. (“Simulcast” means the live transmission of video and audio signals conveying a horse race, regardless of where the race is held.) The bill would also remove a provision that refers to that prohibition.

MCL 432.212 and MCL 432.209b (repealed)

¹ <http://legislature.mi.gov/doc.aspx?2019-SB-0661>

FISCAL IMPACT:

House Bill 6462 would redirect the 5% of the internet sports wagering tax that is currently dedicated to the Agriculture Equine Industry Development Fund (AEIDF) and, in the case 5% was greater than \$3.0 million, the Internet Sports Betting Fund to the Michigan Economic Development Corporation. Internet sports wagering has yet to begin in the state; therefore, no revenue would currently be redirected. Prior analyses of internet sports wagering tax revenue estimated that approximately \$300,000 to \$400,000 would be deposited in the AEIDF on an annual basis in a mature internet sports wagering market.

House Bill 6463 would have no fiscal impact on the state or local units of government.

House Bill 6464 likely would increase simulcast wagering revenues by an indeterminate amount by authorizing expanded opportunities for simulcast wagering on horse racing at Detroit casinos. An estimate of tax revenues cannot be reasonably determined because both the number of casinos that would offer simulcast wagering and the extent to which patrons would wager on simulcast horse races is unknown. Revenue from the 3.5% simulcast wagering tax has been in steady decline since it was first instituted under the 1995 recodification of Michigan's horse racing laws. Revenue from the tax peaked at \$14.7 million in FY 1996-97 and totaled only \$1.9 million in FY 2018-19.

Revenue from the simulcast wagering tax is credited to the state restricted AEIDF. The AEIDF is appropriated in the Agriculture budget for horse racing programs, including for awards and horse racing purse supplements, and in the General Government budget for the horse racing regulatory activities of the Michigan Gaming Control Board (MGCB).

Hazel Park Raceway, which had been Michigan's only licensed thoroughbred race course, closed in April 2018. Only one licensed track operated in 2018, 2019, and 2020, Northville Downs, which offers standardbred racing. Northville has been granted a race meeting license and authority to conduct simulcast racing for 2021. It is currently the only horse racing facility in Michigan with a race meeting license.

On October 31, 2019, the Michigan Gaming Control Board granted a race meeting license and simulcasting permit to AmRace & Sports, LLC. The license authorized the licensee to host 10 live racing days, on Fridays and Saturdays, from August 7, 2020, to September 5, 2020, at Sports Creek Raceway, in Swartz Creek, Michigan. The race meeting license was conditional on the successful application for a racetrack license by AmRace & Sports. AmRace & Sports subsequently withdrew its application.

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