

**MICHIGAN GAMING CONTROL AND REVENUE ACT (EXCERPT)**  
**Initiated Law 1 of 1996**

**432.212 Wagering tax; rate; creation of state casino gaming fund; administration; allocations; certification of casino licensee; imposition of tax; effect of law allowing operation of video lottery at horse racetracks; wagering on simulcast horse races; payments; effect of city ordinance; existing appropriations or expenditures; internet sports betting; report; contract rights; definitions.**

Sec. 12.

(1) A wagering tax is imposed on the adjusted gross receipts received by a casino licensee from gaming authorized under this act at the rate of 18%. If a city exercises either of the options in subsection (4), the tax rate under this subsection is 8.1% and must be deposited in the state school aid fund to provide additional funds for K-12 classroom education. If a city rescinds or is otherwise unable to exercise 1 of the options in subsection (4), the tax rate under this subsection is 18%. A tax rate of 18% imposed under this subsection covers any period for which the city does not or is unable to exercise 1 of the options in subsection (4).

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

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

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

- (i) The hiring, training, and deployment of street patrol officers.
- (ii) Neighborhood and downtown economic development programs designed to create local jobs.
- (iii) Public safety programs such as emergency medical services, fire department programs, and street lighting.
- (iv) Anti-gang and youth development programs.
- (v) Other programs that are designed to contribute to the 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 established under section 11 of article IX of the state constitution of 1963 to provide additional funds for K-12 classroom education.

(4) A city in which a casino 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% of the adjusted gross receipts received by the casino 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% of the adjusted gross receipts received by the casino 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 must be allocated 1/3 to the city in which the licensee's casino is located for use in connection with the purposes listed in subsection (3)(a), 7/12 to the general fund, and 1/12 to the Michigan agriculture equine industry development fund. The city may collect its share of the tax under this subsection directly using 1 of the methods in subsection (4). For a period during which the licensee is paying the city's share of the tax under this subsection directly to the city under either of the methods in subsection (4), the payment to the state casino gaming fund under this subsection is 4% and must be allocated 7/8 to the general fund and 1/8 to the Michigan agriculture equine industry development fund.

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

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

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

(c) July 1, 2011, 9%, allocated 7/18 to the general fund, 1/18 to the Michigan agriculture equine industry

development fund, and 5/9 to the city in which the licensee's casino is located.

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

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

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

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

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

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

(14) Funds from this act must not be used to supplant existing state appropriations or local expenditures.

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

(16) Except as otherwise provided in subsection (15), and in lieu of the taxes and fees that otherwise would be imposed under this act on sports betting, a wagering tax of 8.4% is imposed on the qualified adjusted gross receipts received by a casino licensee from any form of sports betting conducted under this act. Wagering taxes paid under this subsection must be allocated as provided in subsection (3). As used in this 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.

(17) Notwithstanding subsection (15), 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), 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.

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

- (a) Total amount of wagers received.
- (b) Winnings.
- (c) Free play redeemed.
- (d) Deductions.
- (e) Adjusted gross receipts.

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

(20) This section does not impair the contractual rights under an existing development agreement between a city and a casino licensee.

(21) As used in this section:

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

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

**History:** 1996, Initiated Law 1, Eff. Dec. 5, 1996 ;-- Am. 1997, Act 69, Imd. Eff. July 17, 1997 ;-- Am. 2004, Act 306, Eff. Sept. 1, 2004 ;-- Am. 2019, Act 158, Imd. Eff. Dec. 20, 2019

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