

# 2020 Michigan Gaming Control Board Annual Report



MICHIGAN GAMING  
**MGCB**  
CONTROL BOARD

# Annual Report to the Governor

**Calendar Year 2020**



Michigan Gaming Control Board  
3062 West Grand Boulevard, Suite L-700  
Detroit, MI 48202

Submitted pursuant to the  
*Michigan Gaming Control & Revenue Act*, as amended  
(Public Act 69 of 1997)

This document is also available online at  
[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)



**GRETCHEN WHITMER**  
GOVERNOR

STATE OF MICHIGAN  
**MICHIGAN GAMING CONTROL BOARD**  
DETROIT

**RICHARD S. KALM**  
EXECUTIVE DIRECTOR

April 15, 2021  
The Honorable Gretchen Whitmer  
Governor of Michigan

**AN OPEN LETTER TO GOVERNOR GRETCHEN WHITMER AND THE MICHIGAN LEGISLATURE:**

On behalf of the Michigan Gaming Control Board (Board), I am pleased to present the Annual Report to the Governor for calendar year 2020, pursuant to Section 15(1) of the *Michigan Gaming Control and Revenue Act*, as amended, Public Act 69 of 1997, MCL 432.201 (Act). This Annual Report is submitted not only to comply with the statutory reporting requirements under the Act, but to provide a summary of significant activities and operations of the Board and the Board's staff. The Annual Report includes a report on the licensure, regulation and operations of authorized commercial casino gaming in the City of Detroit for 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Anthony".

Robert L. Anthony  
Chairperson



# Michigan Gaming Control Board

## FROM THE EXECUTIVE DIRECTOR

The Michigan Gaming Control Board began regulating several new forms of gaming in 2020, including onsite sports betting at the Detroit casinos, fantasy sports, and mobile wagering for pari-mutuel horse racing. The agency also built the foundation for authorizing and regulating internet gaming and sports betting by promulgating rules, which were approved by the Michigan Legislature just under a year after laws were signed to make it legal in Michigan.

Most of this was done during the COVID-19 pandemic, which forced the closure of the Detroit casinos and Northville Downs racetrack for several months in 2020. The first closures were ordered March 16, which unfortunately happened days after the casinos were able to launch onsite sports wagering, and continued through August 4 for the casinos. Northville Downs' license was suspended March 16 and reinstated Aug. 5. The second closures were ordered Nov. 18, and the casinos reopened Dec. 23 with limited capacity, while the track was approved to reopen Dec. 21 for simulcasting only.

While the casinos and tracks were closed, agency staff went to work on rules for online gaming and sports betting and establishing orders authorizing third-party facilitators to accept mobile wagers on live and simulcast horse racing through Northville Downs.

The online gaming and sports betting rule sets were written with input from stakeholders and using best practices from gaming regulators in New Jersey, Pennsylvania, Indiana, and Nevada. The agency hosted a public hearing in September, filed the rules for review by the Legislature's Joint Committee on Administrative Rules in early October, and obtained the committee's approval in December.

Horse racing wagering also went mobile in Michigan during the summer of 2020. Following the authorizing order, two third-party facilitators received conditional licenses to accept wagers on live and simulcast pari-mutuel races. Northville Downs and the horsemen's associations benefit from their agreements with the third-party providers.

Unfortunately, qualified charities were unable to conduct millionaire party events after mid-March. Events were cancelled because of COVID-19-related concerns, and it was not feasible to resume them. The agency has issued guidelines and is willing to work with charitable organizations and their suppliers on the resumption of events when possible.

I am very proud of the work agency staff accomplished to help the new forms of gaming authorized in December 2019 become reality. Many staff worked long hours on the mobile option for casino gaming, onsite and mobile options for sports betting, and a mobile option for wagering on horse races. Those assigned to the commercial casinos and horse racing worked hard to enforce the shutdowns, conduct ongoing site monitoring, assist with restart and monitor onsite compliance. Other staff members contributed through temporary assignments with other state agencies and Constituent Relations to assist with pandemic-related issues.

I also am grateful for the assistance the agency receives from the Department of Attorney General and the Michigan State Police in accomplishing our mission to ensure the conduct of fair and honest gaming to protect the interests of Michigan citizens.

Sincerely,

/s/

Richard Kalm



# Michigan Gaming Control Board

## Table of Contents

Mission Statement.....	1
2020 Board Members.....	1
Organizational Chart.....	3
Activities of the Board.....	4
Board Meetings.....	4
Administration Division.....	5
Financial Services Section.....	5
Human Resources Section.....	5
Infrastructure, Security & Special Projects Section.....	6
Detroit Administrative Services Section.....	6
Licensing, Investigations & Audit Division.....	7
Enterprise Licensing Section.....	7
Investigations Section.....	10
Criminal Investigations Section.....	11
Audit Section.....	12
Casino Revenues and Wagering Taxes.....	13
Casino Revenues.....	13
State Casino Wagering Tax.....	14
City of Detroit Wagering Tax.....	14
Retail Sports Betting Revenues and Wagering Taxes.....	16
Casino Revenues.....	16
State Wagering Tax.....	17
City of Detroit Wagering Tax.....	17
Indian Gaming & Legal Affairs Division.....	19
Indian Gaming Section.....	19
Horse Racing Section.....	19
iGaming Section.....	20
Casino Operations Division.....	21
Employee Licensing Section.....	21
Enforcement Section.....	22
Gaming Lab Section.....	25
Minors and Compulsive Gambling.....	26
Board Revenues and Expenditures.....	27
State Services Fee Fund.....	27
Internet Gaming Fund.....	27
Internet Sports Betting Fund.....	28
Fantasy Contest Fund.....	28
Native American Casino Fund.....	29
Lab Fund.....	29
Equine Development Fund (Horse Racing).....	29
State Lottery Fund (Millionaire Party).....	29
Board Statement of Revenues and Expenditures.....	30



# Michigan Gaming Control Board

## Mission Statement

*"The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan."*

## Introduction

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the *Michigan Gaming Control & Revenue Act*. The voter-initiated Act established the MGCB as an autonomous agency within the Michigan Department of Treasury (Treasury) exclusively responsible for licensing and regulating the three commercial Detroit casinos. In July 1997, the voter-initiated Act was amended substantially by the Michigan Legislature's enactment of Public Act 69 of 1997. The amended Act provided for more stringent licensing criteria, substantially strengthened the licensing and regulatory authority of the MGCB and provided for a system to collect wagering taxes and fees for the City of Detroit and the State of Michigan.

The Board by law is comprised of five Michigan residents appointed by the Governor with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board and MGCB employees with certain powers and duties specified in the Act and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of authorized commercial casino gaming in the City of Detroit.



# Michigan Gaming Control Board

## Michigan Gaming Control Board 2020 Board Members

**Mr. Robert L. Anthony, Chair**



Mr. Anthony has served as Board Chair for a term at the pleasure of the governor. Mr. Anthony has served on the Gaming Control Board since January 2011 and was reappointed by Governor Rick Snyder to serve as a board member for a four-year term

expiring on December 31, 2022.

Mr. Anthony retired as a senior risk and quality partner of PricewaterhouseCoopers, LLP. Mr. Anthony served global clients over his career working closely with client audit committees and senior management on matters that included entity-wide risk analysis and risk management. He also served as a member of the PricewaterhouseCoopers Global Audit Policy Board.

Mr. Anthony graduated from the University of Michigan where he was awarded a B.A. and an M.B.A. He currently resides in Northville with his wife Catherine.

**Mr. Patrick M. McQueen**



Mr. McQueen, Managing Director of McQueen Financial Advisors, was reappointed by former Governor Rick Snyder.

**Mr. Andrew T. Palms**



Mr. Palms, Executive Director of Communications Systems at the University of Michigan, was reappointed by former Governor Rick Snyder.

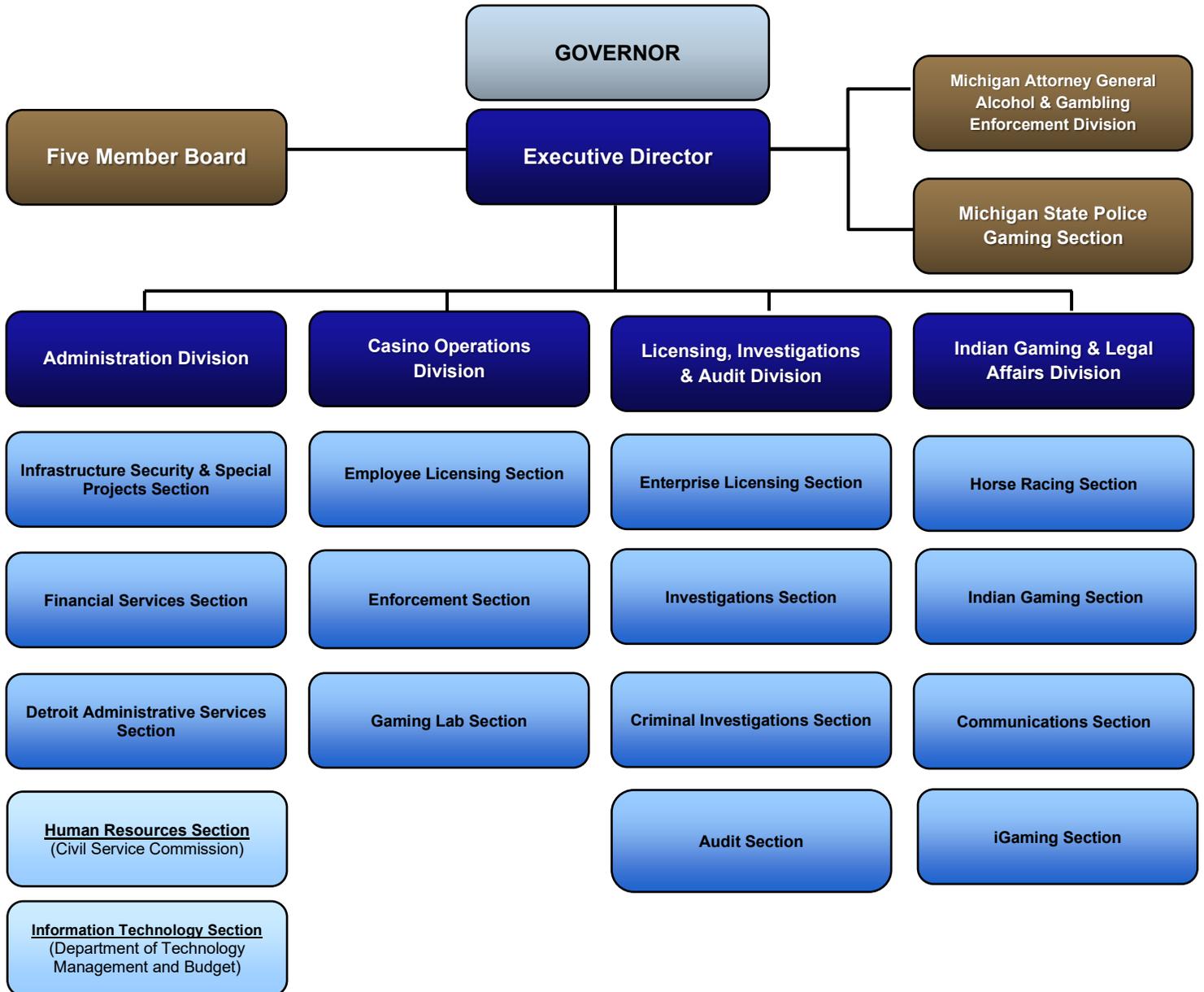
**Ms. Barbara Smith**



Ms. Smith, owner of the Law Offices of Barbara B. Smith, PLLC, and of Smith Mediation Center, was appointed by former Governor Rick Snyder.



## Organizational Chart





# Michigan Gaming Control Board

## Activities of the Board

### Board Meetings

From inception, the Board has encouraged public input regarding policies, procedures and activities related to licensing and regulating the three Detroit commercial casinos. To conduct Board business, inform and receive input from the public, the Board held five public meetings in 2020. At these meetings, the Board not only conducted its official business, it also provided the public and news media with opportunities to ask questions and offer comment regarding casino gaming issues and the Board's relevant policies, procedures and activities. The Board met in person at the Detroit office located at Cadillac Place, 3062 West Grand Boulevard, Suite L-700, on Jan 21 and March 10; the remaining meetings were held virtually.

2020 Meeting Dates	
January 21, 2020	August 11, 2020
March 10, 2020	October 26, 2020
June 8, 2020	November 10, 2020

The Board adjourned to closed session after two of the public meetings to review confidential materials that were part of casino license applications and applications for placement on the Board's Disassociated Persons List and thus protected from public review and disclosure under Sections 4c and 25 of the *Michigan Gaming Control & Revenue Act*, as amended, Public Act 69 of 1997, MCL 432.204c and MCL 432.225(4)(c). Closed sessions are not open to the public, nor are minutes of such sessions available to the public, under *Michigan's Open Meetings Act*, as amended, Public Act 267 of 1976. All Board meetings, whether open or closed, were held in accordance with Michigan's Open Meetings Act.



# Michigan Gaming Control Board

## MGCB Notable Activities



### **Administration Division**

The Administration Division interacts with agency staff to ensure operational needs are met and provides administrative support services to all six MGCB locations.

### **Financial Services Section**

---

The Financial Services Section assists MGCB staff in administrative support to ensure commodities and services are delivered to the agency in the most efficient and effective manner. Located in MGCB's Lansing office, the section interacts with agency staff to ensure their operational needs are met. This includes assisting management in determining annual budget needs to provide the tools necessary to meet the objectives of the agency's mission. The Section monitors spending and ensures accounting transactions are completed and properly executed. Notably, this includes verifying the amount of wagering tax paid by the three Detroit casinos.

The Section facilitates the procurement of commodities and services required for operations. Maintaining records of all agency purchases and processing payments related to the acquisition of goods are significant duties related to procurement. Financial Services also assists MGCB employees in completing air, hotel, and rental car reservations and approving expense reimbursement requests. Monitoring fleet vehicle usage and maintenance is also a section responsibility.

The Financial Services Section has responsibilities related to human resources, which is discussed in more detail in the Human Resources section.

### **Human Resources Section**

---

MGCB has two dedicated Civil Service Commission employees to facilitate the personnel needs of the agency. Located in MGCB's Detroit office, the Human Resources (HR) Director and Assistant primarily are responsible for the hiring of staff, performance management, labor relations, payroll, and personnel transaction processing. A Financial Services Section HR Liaison assists these employees.

In 2020, MGCB introduced six new staff members to the agency, while 13 employees departed through resignation or retirement. As a result, MGCB ended the year with 129 employees. In addition, 12 employees were promoted internally during the calendar year.



# Michigan Gaming Control Board

## **Infrastructure, Security & Special Projects Section**

---

The Infrastructure Security and Special Projects (IS&SP) Section is responsible for security (physical and data) and business continuity for MGCB. The Section also serves as the agency liaison to DTMB for the completion of IT-related projects and assists other sections of MGCB with various State of Michigan and MGCB-specific projects upon request.

The Section continues to provide management and support of MGCB's IT modernization project, Case Handling, and Information Processing System (CHIPS). In addition to CHIPS, the Section is managing MGCB's document migration from the current document repository Livelink to Content Manager 9 (CM9). In 2020, all Horse Racing documents were migrated into the CM9 system. This project is expected to be completed by the end of the first quarter of the calendar year 2021.

In March 2020, due to the Covid-19 pandemic, the IS&SP Section secured and deployed all of the necessary equipment to give MGCB staff the ability to transition from in-office work to home within a 10-day timeframe. Virtual Private Networks (VPNs) were acquired for 70 percent of the staff and all available laptops on hand, including refurbished laptops from DTMB, were deployed. The Section also provided IT assistance to staff remotely and supported all work shifts during and after the transition. In September 2020, the IS&SP Section implemented the Cisco Soft phone to allow staff to receive and place calls directly from their laptops. This soft phone service mirrors the employee's desk phones in the office.

Through the challenges created with transitioning staff from work to home, the IS&SP Section supported MGCB staff around the clock and replaced defective equipment as needed.

## **Detroit Administrative Services Section**

---

The Detroit Administrative Services Section's primary responsibility is to provide administrative support services for the four MGCB offices in Detroit located in Cadillac Place and in each of the three Detroit casinos.

In addition, the Section provides records management oversight for the agency's paper records and ensures electronic images of records are available to staff in the MGCB's online record repository. This section processes all Freedom of Information Act (FOIA) requests in accordance with the Michigan Freedom of Information Act, PA 442 of 1976. The section also ensures MGCB complies with the State of Michigan retention schedules established for all documents.



# Michigan Gaming Control Board



## **Licensing, Investigations & Audit Division**

The Licensing, Investigations & Audit Division is responsible for licensing commercial casinos, internet gaming operators, internet sports betting operators, and their respective suppliers; licensing millionaire party events and millionaire party suppliers; conducting regulatory and criminal investigations in conjunction with the Michigan Attorney General's office; and ensuring the proper reporting of revenue by licensees and compliance with their internal control standards.

The Licensing, Investigations & Audit Division began accepting applications for internet gaming suppliers and sports betting suppliers in May 2020, and it began accepting applications for internet gaming operators, sports betting operators, and vendors in June 2020.

### **Enterprise Licensing Section**

The Enterprise Licensing Section is responsible for processing license applications and assisting the Investigations Section with analytical review of financial documentation related to ongoing licensing investigations.

Suppliers providing gaming-related goods or services to a commercial casino, internet gaming operator, or sports betting operator must be licensed by the MGCB. Suppliers providing nongaming-related goods or services to a commercial casino also must obtain a license from the MGCB unless qualified for an exemption from licensing requirements.

Vendor exemptions, supplier license exemptions and subcontractor exemptions are conditional waivers of the supplier licensing requirements of the Michigan Gaming Control and Revenue Act and Administrative Rules. These exemptions must be approved by the Executive Director and must meet specific eligibility requirements established by the MGCB.

Vendor registrations are required for entities that provide specific nongaming-related goods and/or services under the Lawful Internet Gaming Act or Lawful Sports Betting Act.

The following charts depict the number of entities holding a license, registration, or exemption from licensing requirements as of December 31, 2020.



# Michigan Gaming Control Board

<b>Commercial Casino Related Entities Licensed or Exempt (As of December 31, 2020)</b>	
Commercial Casinos	3
Licensed Suppliers	91
Temporarily Licensed Suppliers	16
Supplier License Exemptions	304
Vendor Exemptions	482
Subcontractor Exemptions	16
<b>Total</b>	<b>912</b>

<b>Internet Gaming and Internet Sports Betting Entities Licensed or Registered (As of December 31, 2020)</b>	
Provisionally Licensed Internet Gaming Operators	13
Provisionally Licensed Sports Betting Operators	13
Provisionally Licensed Internet Gaming Suppliers	31
Provisionally Licensed Sports Betting Suppliers	27
Internet Gaming Vendor Registrations	87
Sports Betting Vendor Registrations	108
<b>Total</b>	<b>279</b>

## Millionaire Party

---

The Executive Director enforces the oversight of millionaire party events through the *Traxler-McCauley-Law-Bowman Bingo Act*, Public Act 382 of 1972 (Bingo Act).

A millionaire party is an event where imitation money or chips are used to place wagers on games of chance customarily associated with casino gaming. The most common millionaire game conducted throughout the state is Texas Hold'em poker. Millionaire parties are held by non-profit organizations to generate funds for charitable purposes.

Millionaire Party events were severely affected by the COVID-19 pandemic. After March 16, 2020, all millionaire party events were canceled. On October 9, 2020, millionaire party events were able to continue under certain health and safety requirements which included social distancing, training in safe practices and proper use of personal protective equipment, screening protocols and case monitoring. Suppliers were required to submit a COVID-19 preparedness plan prior to holding an event. Due to the social distancing requirements and the nature of millionaire party events, no events were scheduled after March 2020 leading to a significant reduction in millionaire party events during 2020 when compared with 2019.



# Michigan Gaming Control Board

## Qualified Organizations

---

Qualified organizations (commonly referred to as “charities”) are defined in the Bingo Act as bona fide religious, educational, service, senior citizens, fraternal or veterans’ organizations that operate without profit to their members and either have been in existence continuously as an organization for a period of five years or are exempt from taxation as 501(c).

## Locations

---

Locations may be at church venues, K of C halls, VFW halls, etc. During 2020, 34 locations were used to host millionaire parties on a recurring basis.

## Suppliers

---

Millionaire party suppliers are licensed by the Executive Director to provide goods and services to a qualified organization. As of December 31, 2020, there were 23 active millionaire party suppliers licensed by the Executive Director.

## On-Site and Post Inspections\*

---

In 2020, the MGCB conducted 290 on-site and post-event inspections. Each inspection is an opportunity for Board staff to interact with and counsel charitable organizations on how to manage their events while complying with the Bingo Act and related Administrative Rules.

*\*On-Site Inspections: Regulation officers conduct inspections during ongoing millionaire party events to ensure compliance with the Act and Rules.*

*Post Inspections: Regulation officers conduct inspections of qualified organizations after a millionaire party event has taken place. All game documents and financial records are reviewed, and the principal officer is interviewed.*

## Licensing Activity

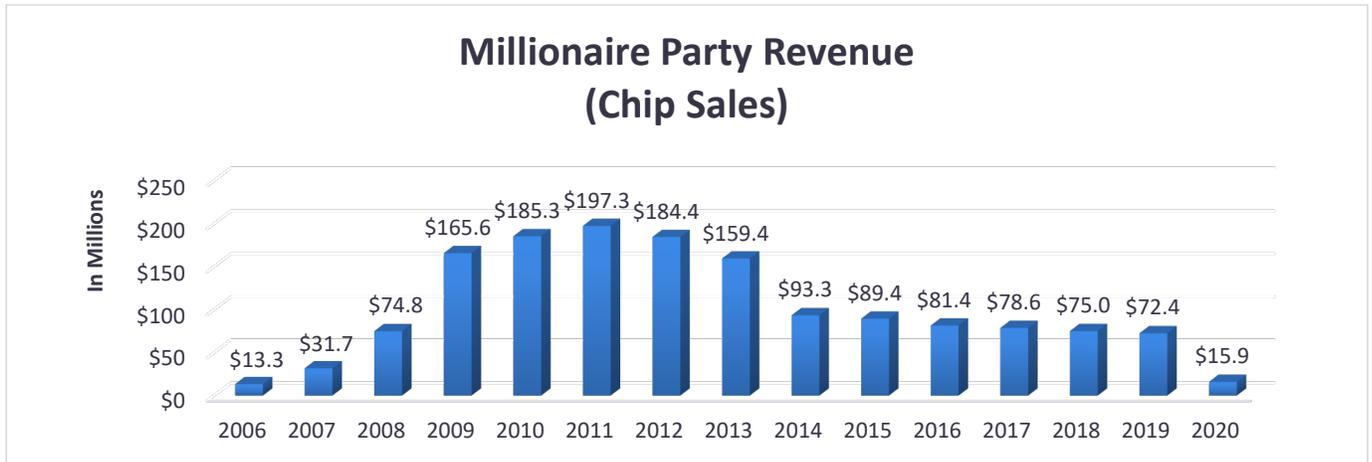
---

For calendar year 2020, a total of 412 millionaire party licenses were issued authorizing 1,494 separate millionaire party days. This resulted in the sale of approximately \$15.9 million in chips at millionaire parties with net profits to charities of approximately \$1.3 million. Licensing volumes in 2020 remained relatively consistent until March 16 as millionaire party events were no longer occurring due to the Covid-19 pandemic.



# Michigan Gaming Control Board

The charitable organizations self-report financial data for their millionaire party events to the MGCB.



\*2016 revenue differs from that reported in the 2016 Annual Report due to a calculation error identified and corrected.

## Licensing and Event Days

The chart below represents licensing and event days trends since 2011.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Licenses Issued</b>	7,894	7,218	5,339	3,022	2,820	2,619	2,387	2,228	2,149	412
<b>Party Event Days</b>	29,212	27,119	18,997	10,508	10,146	9,608	8,714	8,129	7,966	1,494

## Investigations Section

The Investigations Section is responsible for conducting licensing investigations of the commercial casinos, internet gaming operators, internet sports betting operators, and their respective suppliers. These licensing investigations are used to evaluate the eligibility and suitability of applicants, and key individuals and businesses associated with applicants.

In 2020, Investigations Section staff conducted supplier investigations throughout the United States, and worldwide. The Investigations Section conducted three casino renewal investigations, 10 initial supplier license investigations, 76 supplier license renewal investigations and seven supplemental licensing investigations during calendar year 2020. Supplemental licensing investigations include the background investigation of new key individuals, new key businesses, and transfers of ownership in a licensee.

The Investigations Section also started investigations for 15 internet gaming and internet sports betting operators, and 59 internet gaming or internet sports betting suppliers during calendar year 2020



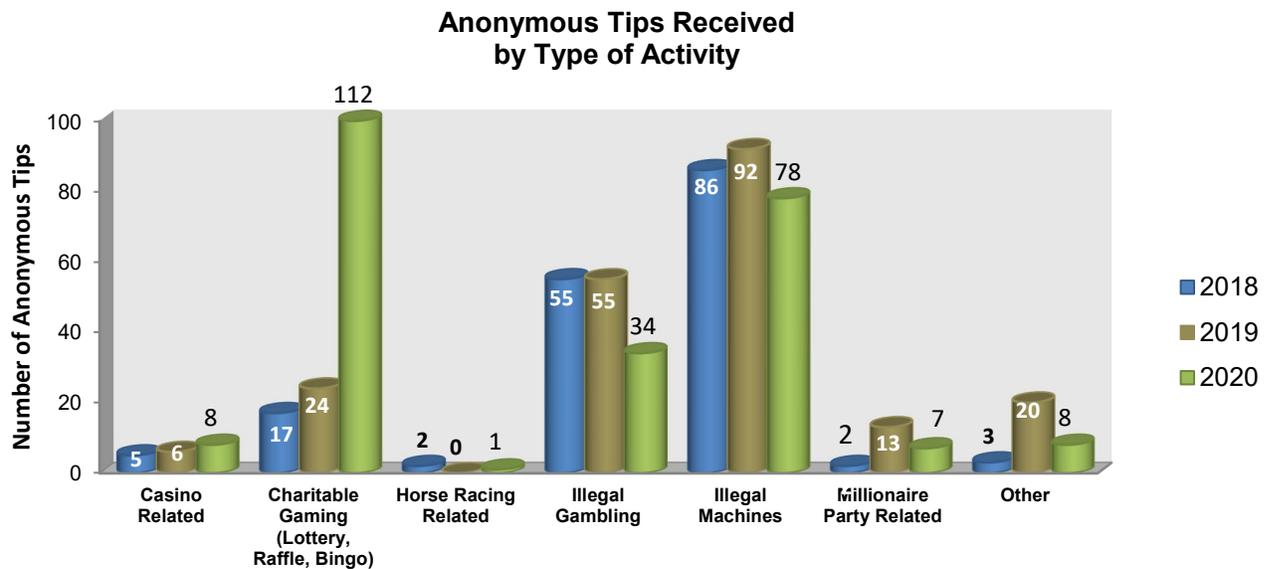
# Michigan Gaming Control Board

## Criminal Investigations Section

The Criminal Investigations Section (CIS) functions as a professional resource providing gaming investigative expertise to Board staff as well as federal, state, county and local law enforcement and regulatory agencies. The main purpose of the CIS is the administration of criminal justice. This includes conducting investigations, in conjunction with Attorney General investigators and state and local police departments, into allegations of illegal gambling which could constitute a violation of the Michigan Penal Code. In addition, and to a lesser degree, the CIS conducts regulatory and administrative investigations into matters falling under the jurisdiction of the Board and/or its Executive Director.

In 2011, the MGCB established an anonymous tip phone line and email address for the public to report illegal or suspected illegal gambling activity. All information received is reviewed for credibility and appropriately assigned to gather additional information. In 2020, CIS recorded a total of 248 tips. As a result, the CIS forwarded 17 anonymous tips to other MGCB sections or State of Michigan agencies for follow up while initiating 82 CIS investigations.

The following table illustrates the types of activity reported to the MGCB:



Notably, illegal online gambling increased during 2020. Reports of illegal online raffles and bingos rose from 24 in 2019 to 112 in 2020. As a result, warning letters were mailed to 41 residents of Michigan who were conducting illegal online gambling.

### Exclusion List

The MGCB is committed to ensuring a safe environment for those who patronize the three licensed casinos in Detroit and the horse racing track licensed by the Board. One way to accomplish this goal is to exclude individuals who may adversely affect the public’s confidence and trust in the integrity of casino gaming from entering the three state-licensed casinos as outlined in MCL 432.204a(1)(l) or the licensed horse racing track as stated in MCL 431.307(3); Mich Admin Code, R 431.1130.



# Michigan Gaming Control Board

The Casino's Exclusion List, which is posted on the MGCB website, contains the names of individuals who met the criteria for exclusion and are not allowed into any of the three licensed casinos. Violating exclusion is a misdemeanor criminal offense.

During 2020, 23 individuals were investigated to determine whether they met the criteria for exclusion from the three licensed casinos in Detroit and horse racing track. Eight individuals were added to the Exclusion List in 2020, and 12 were pending a final exclusion decision as of December 31, 2020.

## **Audit Section**

---

In 2020, the Audit section performed audits to ensure revenue was reported properly by the three Detroit casinos; began a risk assessment of the three Detroit casinos; reviewed internal control standards (ICS) of internet gaming operators, internet sports betting operators, and their respective platform providers, as required by the MGCB's Administrative Rules; assisted the Unemployment Insurance Agency during the casino closures; and assisted with monitoring the closing and re-opening procedures at the three Detroit casinos.

The Audit section completed the review of 570 daily tax returns and 24 monthly tax returns for table games and slots and 360 daily retail sports betting tax returns. This provides reasonable assurance the reporting of \$638,661,886 in gaming revenue (\$620,385,028 from table games/slots and \$18,276,858 from retail sports betting) to the State of Michigan and payment of \$50,942,052 (\$50,251,187 from table games/slots and \$690,865 from retail sports betting) in state wagering taxes were free of material misstatement.

In 2020, the Audit section confirmed \$74,670,209 (\$73,825,818 from table games/slots and \$844,391 from retail sports betting) in wagering taxes and development agreement payments were made to the City of Detroit.



# Michigan Gaming Control Board

## Casino Revenues and Wagering Taxes

### Covid-19 Impact

Following the Governor’s Executive Order, the Detroit casinos were required to close by 3:00 p.m. on March 16, 2020. The Board set minimum guidelines to be followed to allow them each to open in a safe and efficient manner consistent with the CDC and State of Michigan guidelines. The Detroit casinos were allowed to re-open on August 5, 2020, at 15 percent capacity. The Detroit casinos were ordered closed again on November 18, 2020, and were allowed to re-open on December 23, 2020, still at limited capacity.

### Casino Revenues

The Michigan Gaming Control & Revenue Act (Act) defines “adjusted gross receipts” as the licensee’s gross gaming receipts less winnings paid to wagers. “Gross receipts” are defined as the monetary value collected from gaming less a deduction for bad gaming debt. The adjusted gross receipts of the Detroit commercial casinos include both table games and electronic games of chance.

A monthly and annual summary of the adjusted gross receipts and market share for the three Detroit casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ 49,966,966	\$ 41,811,291	\$ 28,240,413	\$ 120,018,670
February	52,633,978	40,510,177	28,616,949	121,761,104
March	23,926,946	20,295,861	13,223,020	57,445,827
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
August	28,638,573	25,029,731	15,683,888	69,352,192
September	36,135,890	32,177,788	19,593,775	87,907,453
October	37,774,110	36,273,464	19,732,532	93,780,106
November	20,455,277	17,489,753	10,122,524	48,067,554
December	7,592,573	9,089,620	5,369,929	22,052,122
<b>Total</b>	<b>\$ 257,124,313</b>	<b>\$ 222,677,685</b>	<b>\$ 140,583,030</b>	<b>\$ 620,385,028</b>

### Detroit Adjusted Gross Receipts

**\$620,385,028**





# Michigan Gaming Control Board

## State Casino Wagering Tax

Section 432.212 of the Act imposed an 8.1 percent State Wagering Tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. The 8.1 percent is deposited in the State's School Aid Fund to provide additional funds for K-12 public classroom education.

In calendar year 2020, the combined 8.1 percent State Wagering Taxes paid by the three Detroit casino licensees and deposited in the State School Aid Fund totaled \$50,251,187.

A monthly and annual summary of the State Wagering Tax payments for the three Detroit commercial casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ 4,047,324	\$ 3,386,715	\$ 2,287,473	\$ 9,721,512
February	4,263,352	3,281,324	2,317,973	9,862,649
March	1,938,083	1,643,965	1,071,065	4,653,113
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
August	2,319,724	2,027,408	1,270,395	5,617,527
September	2,927,007	2,606,401	1,587,096	7,120,504
October	3,059,703	2,938,150	1,598,335	7,596,188
November	1,656,878	1,416,670	819,925	3,893,473
December	614,998	736,259	434,964	1,786,221
<b>Total</b>	<b>\$ 20,827,069</b>	<b>\$ 18,036,892</b>	<b>\$ 11,387,226</b>	<b>\$ 50,251,187</b>

## City of Detroit Wagering Tax

Section 432.212 of Public Act 69 of 1997 imposed a 9.9 percent wagering tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. Public Act 306 of 2004 amended the original Act. Effective September 1, 2004, the City of Detroit wagering tax was increased temporarily by 2 percent to 11.9 percent. The elevated tax rate was reduced by 1 percent to the current rate of 10.9 percent when each of the three Detroit casinos became fully operational.

Development agreements also exist between each of the three Detroit casinos and the City of Detroit. Within these agreements, an additional 1 percent of each casino's adjusted gross revenue is required to be disbursed daily to the city. Once a casino reaches \$400 million in adjusted gross revenue for a calendar year, an additional 1 percent is required. The requirements outlined within the development agreements are in excess of what is required by the Act.

In calendar year 2020, the combined City of Detroit Wagering Taxes paid by the three Detroit casino licensees totaled \$73,825,818. Currently, this represents a significant percentage of the City of Detroit's budget.



# Michigan Gaming Control Board

A monthly and annual summary of the City of Detroit Wagering Tax payments for the three Detroit commercial casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ 5,946,069	\$ 4,975,544	\$ 3,360,609	\$ 14,282,222
February	6,263,443	4,820,711	3,405,417	14,489,571
March	2,847,307	2,415,207	1,573,539	6,836,053
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
August	3,407,990	2,978,538	1,866,383	8,252,911
September	4,300,171	3,829,157	2,331,659	10,460,987
October	4,495,119	4,316,542	2,348,171	11,159,832
November	2,434,178	2,081,281	1,204,581	5,720,040
December	903,516	1,081,664	639,022	2,624,202
<b>Total</b>	<b>\$ 30,597,793</b>	<b>\$ 26,498,644</b>	<b>\$ 16,729,381</b>	<b>\$ 73,825,818</b>



# Michigan Gaming Control Board

## Retail Sports Betting Revenues and Wagering Taxes

### Casino Revenues

The Act defines “qualified adjusted gross receipts” as the licensee’s 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. “Gross sports betting receipts” are defined as the monetary value actually wagered less winnings, amounts returned due to a game, platform, system malfunction, or uncollectible markers

MGM Grand Detroit and Greektown Casino began accepting retail sports betting wagers on March 11, 2020, at 1:00 p.m. and MotorCity Casino on March 12, 2020, at 10:00 a.m.

A monthly and annual summary of the qualified adjusted gross receipts for the three Detroit casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ -	\$ -	\$ -	\$ -
February	-	-	-	-
March	84,695	4,949	15,904	105,548
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	932,601	493,275	551,176	1,977,052
September	2,096,338	1,557,561	722,509	4,376,408
October	3,713,953	2,197,485	1,685,535	7,596,973
November	561,372	1,130,956	645,310	2,337,638
December	776,788	646,003	460,449	1,883,240
<b>Total</b>	<b>\$ 8,165,747</b>	<b>\$ 6,030,229</b>	<b>\$ 4,080,883</b>	<b>\$ 18,276,859</b>



# Michigan Gaming Control Board

## State Wagering Tax

Section 432.212 (16) of the Act imposed an 8.4 percent Wagering Tax on the qualified adjusted gross receipts received by each Detroit casino licensee from sports betting authorized by the Act. Per the Act, 45 percent of the 8.4 percent (3.78 percent) is deposited in the State's School Aid Fund to provide additional funds for K-12 public classroom education.

In calendar year 2020, the combined 3.78 percent State Wagering Taxes paid by the three Detroit casino licensees and deposited in the State School Aid Fund totaled \$690,865.

A monthly and annual summary of the State Wagering Tax payments for the three Detroit casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ -	\$ -	\$ -	\$ -
February	-	-	-	-
March	3,201	187	601	3,989
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	35,252	18,646	20,834	74,732
September	79,242	58,876	27,311	165,429
October	140,387	83,065	63,713	287,165
November	21,220	42,750	24,393	88,363
December	29,363	24,419	17,405	71,187
<b>Total</b>	<b>\$ 308,665</b>	<b>\$ 227,943</b>	<b>\$ 154,257</b>	<b>\$ 690,865</b>

## City of Detroit Wagering Tax

Section 432.212 (16) of the Act imposed an 8.4 percent Wagering Tax on the qualified adjusted gross receipts received by each Detroit casino licensee from sports betting authorized by the Act. Per the Act, 55 percent of the 8.4 percent (4.62 percent) is paid directly to the City of Detroit.

In calendar year 2020, the combined City of Detroit Wagering Taxes paid by the three Detroit casino licensees totaled \$844,391.



# Michigan Gaming Control Board

A monthly and annual summary of the City of Detroit Wagering Tax payments for the three Detroit casinos for calendar year 2020 follows:

Month	MGM GRAND CASINO	MOTORCITY CASINO	GREEKTOWN CASINO	TOTAL DETROIT CASINOS
January	\$ -	\$ -	\$ -	\$ -
February	-	-	-	-
March	3,913	229	735	4,877
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	43,086	22,789	25,464	91,339
September	96,851	71,959	33,380	202,190
October	171,585	101,524	77,872	350,981
November	25,935	52,250	29,813	107,998
December	35,888	29,845	21,273	87,006
<b>Total</b>	<b>\$ 377,258</b>	<b>\$ 278,596</b>	<b>\$ 188,537</b>	<b>\$ 844,391</b>



# Michigan Gaming Control Board



## **Indian Gaming & Legal Affairs Division**

### **Indian Gaming Section**

---

Notable accomplishments and further details of actions completed by the Indian Gaming Section can be found in the separate Indian Gaming Annual Report.

### **Horse Racing Section**

---

Public health concerns limited live and simulcast racing at Northville Downs during 2020, but advance deposit wagering through approved third-party facilitators provided a new source of tax revenue for the State of Michigan. Overall, the State of Michigan received \$954,540 in taxes on simulcasting and \$839,123 in taxes on advance deposit wagering during 2020. The state taxes simulcasting at 3.5 percent and advance deposit wagering at 1 percent.

In October 2019, the Michigan Gaming Control Board issued orders granting Northville Downs 52 live racing dates for 2020. However, the track closed March 18 due to COVID-19 and remained closed until Aug. 14. The track could not offer live racing nor simulcasting, which is taxed by the state, during the closure.

When live racing resumed under strict guidelines, Northville Downs raced on 17 of 18 live racing dates authorized from Aug. 14 through Oct. 10. A subsequent order allowed 18 additional race dates, but the track closed again on Nov. 18 due to public health concerns after just 10 additional race dates. The track offered a total of 27 live racing dates in 2020.

On Dec. 20, an order was issued setting guidelines for reopening Northville Downs on Dec. 21 for simulcasting only under strict health and safety protocols.

Advance deposit wagering through licensed third-party facilitators debuted in Michigan during 2020 after the MGCB issued a May 5 order establishing terms, conditions, and fees and a second order on June 22 allowing advance deposit wagering. It is pari-mutuel wagering by internet or mobile device on live and simulcast horse races. A 2019 Horse Racing Act amendment made this form of wagering on simulcast races legal in Michigan.

Two third-party facilitators, TVG Network and TwinSpires, were granted conditional licenses in June and September respectively to offer mobile wagering on simulcast races through Northville Downs. They paid a combined \$358,526 in taxes on a total wagering handle of \$35.8 million during the year.

Additionally, TwinSpires paid the state \$480,597 in taxes on wagers made from Michigan before the firm, a Churchill Downs subsidiary, was issued a third-party facilitator license.



# Michigan Gaming Control Board

Another operator signaled the intention to reopen the Sports Creek racetrack near Flint in 2020, but the reopening did not take place. AmRace & Sports L.L.C. withdrew its race meet license and simulcast permit for 2020, which the MGCB accepted on March 6. An October 2019 order had granted the firm 10 live race dates and a simulcast permit for 2020.

<b>Summary of Horse Racing Revenue</b>	
<b>January 1, 2020, through December 31, 2020</b>	
Simulcast Wagering Taxes*	\$954,540
Advance Deposit Wagering	839,124
Occupational License Fees	19,855
Outs**	188,819
Racing Fines	14,880
Track Licenses	3,000
Revenue Transfers	(15,183)
<b>Total Horse Racing Revenue</b>	<b>\$2,005,035</b>
<b>State Tax Summary</b>	
Northville Downs	\$954,540

\* The simulcast wagering tax is 3.5% of all wagers on simulcast races at each licensed track. Live wagering is not taxed in Michigan. The simulcast wagering tax total was calculated based on date earned and verified by independent auditors. Timing differences exist when reconciling to the State accounting system due to the actual depositing of revenue occurring in the subsequent calendar year.

\*\* "Outs" are uncashed winning tickets. Governed by Public Act 505, 1998, the race meeting licensee (the track) keeps 50% of the winning payout on the tickets and the other 50% is deposited into the Agriculture Equine Fund.

For additional information regarding horse racing, please refer to the MGCB 2020 Horse Racing Annual Report.

## iGaming Section

The iGaming unit within Legal Affairs & Indian Gaming Division provides guidance to internet gaming and sports betting operators and platform providers on technical information and requirements, game platforms, technical security standards, branding, and authorized participant accounts. It ensures operators and platform providers comply with Michigan internet gaming and internet sports betting laws and related rules on technology, patron accounts, bonuses and promotions, and other requirements.

Throughout 2020, the iGaming unit helped develop rules to enforce the Lawful Internet Gaming Act and the Lawful Sports Betting Act. The unit obtained input from stakeholders and recommended best practices from other states that have authorized internet gaming and sports betting. The iGaming unit worked closely with other units within the agency to developing the draft rules.

Following a September public hearing on the rules, the iGaming unit delivered the proposed rules to the Michigan Legislature for review and approval. The rules were approved Dec. 2, and several operators and platforms were authorized to start accepting wagers under both the Lawful Internet Gaming Act and the Lawful Sports Betting Act in early 2021.



# Michigan Gaming Control Board



## Casino Operations Division

### Employee Licensing Section

The Detroit casinos and related suppliers employ approximately 6,000 personnel in positions requiring an occupational license. These individuals are licensed for a two-year period. In 2020, the section received 3,180 new and renewal occupational applications for investigation.

Occupational and Renewal Applications Received in 2020	
Supplier/Vendor	972
MGM Grand Casino	865
MotorCity Casino	779
Greektown Casino	489
Internet Gaming	77
<b>Total</b>	<b>3,180</b>

In addition, licensing actions were taken against occupational licensees due to various violations of the Michigan Gaming Control & Revenue Act and Administrative Rules as depicted below:

Licensing Actions Against Occupational Licensees in 2020	
Voluntary Surrenders	7
Voluntary Withdrawals	13
Warning Letters	1
Summary Suspensions	6
Notice of Opportunity to Show Compliance	19
Occupational License Waiver	5

In December 2019, MCL 432.208 Sec. 8(3)(c) was amended, allowing the board to waive the eligibility requirements for applicants convicted of a felony prior to 10 years before applying for an occupational license to seek a license. MCL 432.208 Sec. 8(3)(d) also was amended, allowing the board to waive the eligibility requirements for applicants with a misdemeanor conviction involving gambling, dishonesty, theft, or fraud in any state or any violation of a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state prior to five years before applying for an occupational license, allowing the individual to seek a license.



# Michigan Gaming Control Board

In January 2020, the board began the Occupational License Waiver process by waiving the requirements for applicants having felony convictions 10 years prior to applying for an occupational license and misdemeanor convictions involving gambling, dishonesty, theft, or fraud five years prior to applying for an occupational license after investigating the crime committed to ensure the applicant does not pose a threat to the integrity of gaming.

## **Enforcement Section**

---

The Enforcement Section continues daily monitoring of the casinos' responsibilities to ensure gaming integrity. Regulation officers located in the three Detroit casinos are authorized by the Act to investigate alleged violations of the Act, Administrative Rules and internal controls systems to ensure all casino facilities, activities and games comply.

### *Violations Issued/Fines Imposed*

---

During 2020, the Enforcement Section issued violations, warning letters and imposed fines as follows:

#### **Greektown Casino, L.L.C. (GTC)**

1/22/2020: One (1) GTC occupational licensee was issued a warning letter for failing to remove all the currency from a table game drop box. This violation occurred on 10/14/2019.

3/31/2020: One (1) GTC occupational licensee was issued a warning letter for allowing a minor onto the gaming floor. This violation occurred on 1/30/2020.

6/8/2020: The MGCB settled a violation with a fine of \$5,000 related to GTC sending marketing materials and advertisements to a disassociated person. The violation occurred on 10/21/2019.

6/8/2020: The MGCB settled a violation with a fine of \$100 to a GTC occupational licensee for paying a disassociated person a jackpot. This violation occurred on 12/20/2019.

8/11/2020: The MGCB settled a violation with a fine of \$2,500 to GTC for allowing a minor to enter the casino. The violation occurred on 01/30/2020.

#### **Detroit Entertainment, L.L.C. d/b/a MotorCity Casino-Hotel (MCC)**

12/30/2019: MCC was issued a warning letter for allowing a disassociated person to gain entry onto the gaming floor. The violation occurred on 8/31/2019.

1/16/2020: One (1) occupational licensee was issued a warning letter for allowing a disassociated person to gain entry onto the gaming floor after receiving a warning the person was a disassociated person. The violation occurred on 7/15/2019.

1/24/2020: MCC was issued a warning letter due to failing to prevent an assistant casino shift manager from embezzling money. The violation occurred during April 2019.



# Michigan Gaming Control Board

3/6/2020: One (1) occupational licensee was issued for failing to properly complete the shuffle process. The violation occurred on 8/2/2019.

8/11/2020: The MGCB settled a violation with a fine of \$1,500 to MCC for failing to submit rules of the game to the Board. The violation occurred on 10/20/2019.

11/24/2020: One (1) occupational licensee was issued a warning letter for allowing a disassociated person to gain entry onto the gaming floor. The violation occurred on 9/7/2020.

## **MGM Grand Detroit, L.L.C. (MGM)**

1/16/2020: MGM was issued a warning letter for failing to notify the MGCB and MSP of a disassociated person's first transaction attempt at the Main Cage. The violation occurred on 8/2/2019.

1/16/2020: Two (2) occupational licensees were issued warning letters failing to notify the MGCB and MSP of a disassociated person's first transaction attempt at the Main Cage. The violation occurred on 8/2/2019.

1/31/2020: MGM was issued a warning letter for failing to record the progressive meters and to notify the board immediately. The violation occurred on 9/27/2018.

4/16/2020: AGS L.L.C. was issued a warning letter for distributing unapproved software twice to MGM. The violations occurred in September 2019.

6/16/2020: MGM was issued a warning letter for using unapproved gaming software and failure to notify the MGCB. The violations occurred in December 2019 and January 2020.

## **Supplier Fines**

### Aristocrat Technologies

8/11/2020: The MGCB settled a violation with a fine of \$15,000 related to the shipment of unapproved software to a casino. The violation occurred on 1/15/2020.

### Incredible Technologies, Inc.

8/11/2020: The MGCB settled a violation with a fine of \$5,000 related to the distribution of unapproved associated equipment hardware to a casino. The violation occurred on 9/25/2019.

### AGS L.L.C.

4/23/2020: The MGCB issued a warning letter to AGS L.L.C. for supplying unapproved software to MCC. The violations occurred in September 2019.



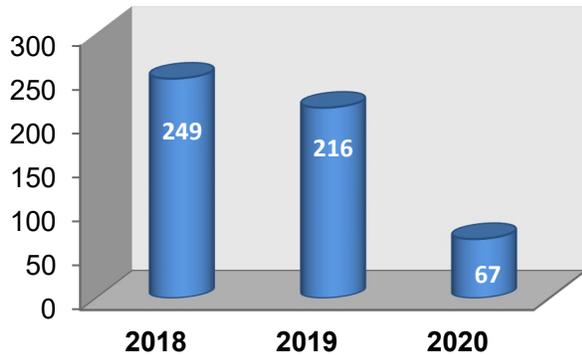
# Michigan Gaming Control Board

## *Disassociated Persons List and Problem Gambling Diversion Program*

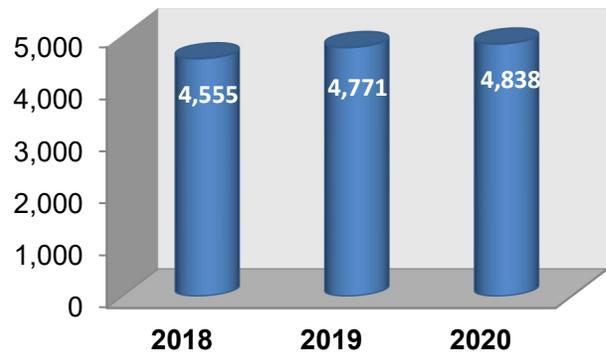
The Act created the Disassociated Persons List (DPL) designed for problem gamblers who request self-exclusion from entering and gaming at the three commercial casinos in the City of Detroit. The Act also states an individual who violates the terms and conditions of the DPL is guilty of criminal trespassing, which is punishable by imprisonment for not more than one year, a fine of not more than \$1,000 or both. As of December 31, 2020, the DPL program included 4,838 people.

Originally, the Act required self-exclusion for the remainder of one's life, but an amendment signed into law on October 16, 2020, allows disassociated persons to request removal of their names after five or more years on the list. As of December 31, 2020, 118 persons had been removed from the list.

**Approved DPL Applications by Year**



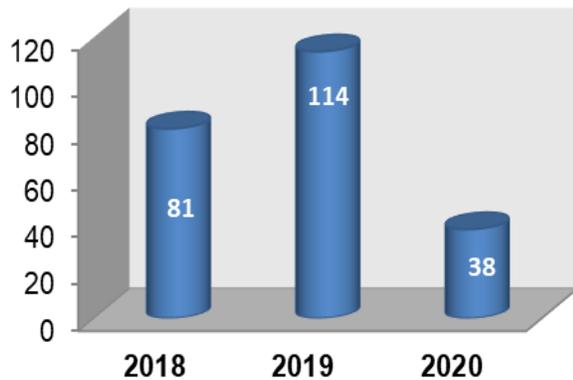
**Cumulative Approved DPL Applications Per Year**





# Michigan Gaming Control Board

## Diversion Program Completions by Year



In 2020, 62 first-time DPL offenders were offered the Diversion Program and 38 discharge summaries were received for those completing the program. Since inception, a cumulative total of 960 DPL offenders have been offered the Diversion Program and 771 have completed it.

*\*The Diversion Program offers a first-time offender the option of completing a treatment program rather than burdening the criminal justice system further. First-time offenders offered the Diversion Program within a calendar year may not complete the program until the following year. Statistics provided above are the number of completed individual diversion programs per calendar year.*

## Gaming Lab Section

---

In 2020, the Gaming Lab Section completed 570 gaming product evaluations, of which 539 were for new gaming software and 31 were for new gaming hardware. The lab also processed 4 revocations of previously approved product submissions. Once revoked, a product is no longer approved for use in the commercial casinos.

Lab staff also performs forensic evaluations, reviews progressive liability transfers by the casinos, processes malfunction occurrences and manufacturer notifications, researches emerging gaming technologies, reviews data and reports used in gaming tax calculations, drafts rule waivers, creates policies and assists in addressing patron complaints.



## Minors and Compulsive Gambling

### Annual Underage and Compulsive Gaming Studies

Section 15(2) of the Act, MCL 432.215(2), requires each Detroit commercial casino licensee to conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires the MGCB include certain information regarding minors on casino premises, which each licensee must compile as part of the annual study. The following table summarizes the required information compiled and reported by each of the three Detroit commercial casino licensees in their respective annual studies on minors and compulsive gaming for calendar year 2020:

**Casino Licensees' Reported Contacts with Minors  
On Licensed Casino Premises During Calendar Year 2020**

<i>Number of Minors</i>	<b>MGM Grand</b>	<b>MotorCity</b>	<b>Greektown</b>
<b>Denied entry into the casino*</b>	<b>440</b>	<b>7,774</b>	<b>857</b>
<b>Physically escorted from the casino premises</b>	<b>4</b>	<b>0</b>	<b>1</b>
<b>Detected participating in gambling games other than slot machines</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Detected using slot machines</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Taken into custody by a law enforcement agency on the casino premises</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Detected illegally consuming alcohol on the casino premises</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Numbers indicate all patrons denied entry as reported by the casinos



# Michigan Gaming Control Board

## Board Revenues and Expenditures

### State Services Fee Fund

Section 432.212a of the Act provides all casino-related regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs, activities, and services conducted by MGCB, the MSP, AG's office, MDCH, and other state agencies shall be paid from annual fees assessed on the three Detroit casino licensees. Under the Act, each casino is required to pay an annual assessment fee on or before the date on which the licensee first began operating its casino and each year thereafter on that date. The amount of each licensee's annual assessment is equal to 1/3 of \$25,000,000 adjusted annually by multiplying the previous year's assessment by the Detroit consumer price index, as defined and reported by the United States Department of Labor, Bureau of Labor Statistics. Based on this formula, each of the three Detroit casinos were assessed and paid a total of \$35,921,497 for calendar year 2020 and \$35,615,531 for fiscal year 2020.

From the annual assessment fees paid each year by the licensees, \$2,000,000 must be deposited in the State of Michigan's Compulsive Gaming Prevention Fund. Up to \$1,040,000 may be distributed annually to the Domestic Violence and Treatment Board administered by the Department of Health and Human Services (DHHS). The remaining \$960,000 is to be used exclusively for the treatment, prevention, education, training, research, and evaluation of compulsive gamblers and their families, as determined by the director of the DHHS.

### Application and License Fees, Fines and Costs

MGCB is authorized by the Act to collect various license application fees to fund MGCB's cost of conducting required background investigations of applicants for casino, supplier, and occupational licenses. After an applicant is determined eligible and suitable for licensure, the Act authorizes MGCB to assess and collect license fees for both the initial issuance and subsequent renewals of casino, supplier, and occupational licenses. In addition to application and license fees, the Act authorizes MGCB to order reimbursement of investigative costs and to impose fines as disciplinary actions to penalize violators of the Act or Administrative Rules of the Board. MGCB collected application and license fees and other authorized fees, fines, and reimbursement of costs totaling \$1,746,552 for calendar year 2020 and \$1,773,738 for fiscal year 2020.

### Internet Gaming Fund

The Internet Gaming Fund was created by the Lawful Internet Gaming Act of 2019. Under this Act, internet gaming operators are subject to a graduated tax ranging from 20-28 percent on adjusted gross receipts from all internet gaming conducted. Sixty-five percent of the tax for non-tribal operators and 70 percent of the tax for tribal operators is required to be deposited in the fund. MGCB is authorized by the Lawful Internet Gaming Act to collect various license application fees to fund MGCB's cost of conducting required background investigations of applicants for operator, supplier, and occupational licenses. After an applicant is determined eligible and suitable for licensure, the Lawful Internet Gaming Act authorizes MGCB to assess and collect license fees for both the initial issuance and subsequent renewals of operator, supplier, and occupational licenses. In addition to application and license fees, the Lawful Internet Gaming Act authorizes MGCB to order reimbursement of investigative costs and to impose fines as disciplinary actions to penalize violators of the Lawful Internet Gaming Act or Administrative Rules of the Board.



# Michigan Gaming Control Board

The Lawful Internet Gaming Act requires MGCB to expend money from the Internet Gaming Fund based on the following priority: (1) payment to the City of Detroit if the total gaming related tax revenue received by the City of Detroit falls below \$183 million for the preceding fiscal year. However, the total of this payment can never be more than 55 percent of the total gaming tax deposited in the Internet Gaming Fund, minus the 30 percent internet gaming tax revenue received by the City of Detroit; (2) expenditures for MGCB's cost of regulating and enforcing internet gaming under the Internet Gaming Act; (3) transfer \$500,000 to the Compulsive Gaming Prevention Fund administered by DHHS; (4) transfer \$2,000,000 to the First Responder Presumed Coverage Fund administered by the Department of Labor and Economic Opportunity (LEO); (5) deposit all remaining funds in the School Aid Fund (SAF) at the end of the fiscal year.

## **Internet Sports Betting Fund**

The Internet Sports Betting Fund was created by the Lawful Sports Betting Act of 2019. Under this Act, sports betting operators are subject to a tax of 8.4 percent on adjusted gross sports betting receipts. Sixty-five percent of the tax for non-tribal operators and 90 percent of the tax for tribal operators is required to be deposited in the fund. MGCB is authorized by the Lawful Sports Betting Act to collect various license application fees to fund MGCB's cost of conducting required background investigations of applicants for operator, supplier, and occupational licenses. After an applicant is determined eligible and suitable for licensure, the Lawful Sports Betting Act authorizes MGCB to assess and collect license fees for both the initial issuance and subsequent renewals of operator, supplier, and occupational licenses. In addition to application and license fees, the Lawful Sports Betting Act authorizes MGCB to order reimbursement of investigative costs and to impose fines as disciplinary actions to penalize violators of the Lawful Sports Betting Act or Administrative Rules of the Board.

The Lawful Sports Betting Act requires MGCB to expend money from the Internet Sports Betting Fund based on the following priority: (1) expenditures for MGCB's cost of regulating and enforcing internet gaming under the Internet Gaming Act; (2) transfer \$500,000 to the Compulsive Gaming Prevention Fund administered by DHHS; (3) transfer \$2,000,000 to the First Responder Presumed Coverage Fund administered by the Department of Labor and Economic Opportunity (LEO); (4) deposit all remaining in the SAF at the end of the fiscal year.

## **Fantasy Contest Fund**

The Fantasy Contest Fund was created by the Fantasy Contests Consumer Protection Act of 2019. Under this Act, fantasy contest operators are subject to a tax of 8.4 percent on fantasy contest adjusted revenues. One hundred percent of the tax is required to be deposited in the fund. MGCB is authorized by the Fantasy Contests Consumer Protection Act to assess and collect license fees for both the initial issuance and subsequent renewals of fantasy contest operator licenses. In addition to application and license fees, the Fantasy Contests Consumer Protection Act of 2019 authorizes MGCB to order reimbursement of investigative costs and to impose fines as disciplinary actions to penalize violators of the Fantasy Contests Consumer Protection Act or Administrative Rules of the Board.

The Fantasy Contests Consumer Protection Act requires MGCB to expend money from the Internet Sports Betting Fund on MGCB's cost of regulating and enforcing internet gaming under the Internet Gaming Act. Any remaining funds at the end of the fiscal year are to be deposited in the SAF.



# Michigan Gaming Control Board

## **Native American Casino Fund**

The Indian Gaming Oversight program originally was established within the Office of Racing Commissioner, Department of Agriculture. The Governor of Michigan officially designated and authorized the Executive Director of MGCB and his designees, agents, and employees as the State of Michigan's representative to conduct the State's authorized inspections of tribal Class III gaming facilities and records, pursuant to and in accordance with the provisions of the various Tribal-State Compacts for the conduct of tribal Class III gaming on Indian lands in Michigan. Oversight responsibilities include conducting financial and compliance audits of the tribal casino's operations to determine the extent of compliance with the Tribal-State Gaming Compacts and related Consent Judgments. Board members of MGCB have no oversight role or authority over the Tribal-State Gaming Compacts. Within each of these compacts, it is outlined that the tribe shall make annual payments to the State to fund the costs incurred for carrying out functions authorized by the terms of the compacts.

Subject to certain exclusivity provisions, the Tribal-State Compacts and related consent agreements stipulate a percentage of annual net win, derived from all Class III electronic games of chance, is to be paid to the Michigan Strategic Fund (MSF) or Michigan Economic Development Corporation (MEDC). The MEDC provides funding to the Board for oversight related to these payments.

## **Lab Fund**

Administrative Rule 432.1842 of the Act provides that all gaming devices and equipment distributed to a casino licensee must be approved by the Board prior to being placed on the gaming floor of the Detroit casinos. It further provides the manufacturer or distributor of the equipment is required to pay the cost of testing. The lab has an established fee schedule for payments of various testing which is designed to fund the costs associated with testing.

## **Equine Development Fund (Horse Racing)**

Per Executive Order 2009-45, the Office of the Racing Commissioner and the position of Racing Commissioner were abolished and those functions were transferred to the Executive Director of MGCB. All powers, duties, and functions of regulating live horse racing were placed with the Executive Director effective January 17, 2010. Board members of MGCB have no authority or role in regulating live horse racing. Prior to Executive Order 2009-45, the Office of Racing Commissioner was a Type-I agency under the Michigan Department of Agriculture. Executive Order 2009-54 maintains the authority, powers, duties, and functions under Section 20 of the *Horse Racing Law of 1995*, Public Act 279 of 1995, MCL 431.320 (Equine Development Fund) within the Michigan Department of Agriculture effective March 15, 2010. These Executive Orders gave regulatory authority of racing to the Executive Director, but the funding of this function is still retained by the MDARD.

## **State Lottery Fund (Millionaire Party)**

Per Executive Order 2012-04, the licensing and regulation of charitable millionaire party gaming was transferred from Lottery to the Executive Director of MGCB. This Executive Order transferred the licensing and regulatory authority of millionaire party gaming under the Bingo Act to the Executive Director of MGCB; however, the funding of this function is still retained by Lottery through the State Lottery Fund. All fees collected by MGCB in connection with Millionaire Party are remitted for deposit into the State Lottery Fund, and all necessary expenses incurred by MGCB are financed from the State



# Michigan Gaming Control Board

Lottery Fund. Board members of MGCB have no authority or role in regulating millionaire party. Regulation of other forms of charitable gaming such as bingo and raffles remain with Lottery.

## **Board Statement of Revenues and Expenditures**

Section 432.215(1) of the Act requires MGCB's Annual Report include an account of financial position and the results of operations under the Act, for the period covered by the report. While MGCB, like other state agencies, operates on a fiscal year (October 1 – September 30) basis, the Act requires MGCB's Annual Report be based on the calendar year. To give a more comprehensive account of financial position and the results of operations, the following financial statement reports MGCB's revenues and expenditures for both calendar year and fiscal year 2020.

# Statement of Revenues and Expenditures

(In Thousands)

REVENUES	Fiscal Year 2020	Calendar Year 2020
<b>State Casino Gaming Fund</b>		
Casino and Supplier Fines	\$ 47.9	\$ 32.9
Other	0.3	0.3
<b>State Services Fee Fund</b>		
Annual assessments	35,615.5	35,921.5
<b>Application Fees:</b>		
Casinos	0.0	0.0
Suppliers	519.3	491.7
Occupational	112.7	107.7
Vendors	12.0	12.7
<b>License Fees:</b>		
Casinos	75.0	75.0
Suppliers	424.9	439.9
Occupational	355.3	360.9
Vendors	46.7	45.1
Badge Replacement Fees	5.3	6.5
Other	0.1	0.1
<b>Internet Gaming Fund</b>		
<b>Application Fees:</b>		
Casinos	700.0	750.0
Suppliers	90.0	105.0
Occupational	0.0	6.0
Vendors	17.4	26.2
Other	0.2	0.1
<b>Internet Sports Betting Fund</b>		
<b>Application Fees:</b>		
Casinos	700.0	750.0
Suppliers	80.0	95.0
Occupational	0.0	6.0
Vendors	19.0	32.3
Other	0.2	0.1
<b>Fantasy Contest Tax Fund</b>		
Tax Revenue	927.6	1,306.9
Other	1.2	1.2
<b>Native American Casino Fund</b>		
Oversight Fees	790.2	772.2
Other	0.0	0.0
<b>Lab Fund</b>		
Testing Fees	174.2	173.9
Other	0.0	0.0
Total Revenue	\$ 40,715.0	\$ 41,519.2

## Statement of Revenues and Expenditures (continued)

EXPENDITURES	<u>Fiscal Year 2020</u>	<u>Calendar Year 2020</u>
<b>State Casino Gaming Fund</b>		
Information Technology	\$ 0.0	\$ (21.6)
<b>State Services Fee Fund</b>		
Board	(48.8)	(49.3)
Administration	(23,663.6)	(23,198.5)
Information Technology	(2,005.5)	(2,135.3)
<b>Internet Gaming Fund</b>		
	0.0	(71.1)
<b>Internet Sports Betting Fund</b>		
	0.0	(66.5)
<b>Fantasy Contest Tax Fund</b>		
	0.0	0.0
<b>Native American Casino Fund</b>		
	(811.3)	(735.8)
<b>Lab Fund</b>		
	(171.7)	(163.4)
<b>State Lottery Fund</b>		
	(1,146.0)	(768.1)
<b>Equine Development Fund</b>		
	(934.7)	(935.9)
Total Expenditures	\$ (28,781.6)	\$ (28,145.5)

## Statement of Revenues and Expenditures (continued)

OTHER FINANCING SOURCES (USES)	<u>Fiscal Year 2020</u>	<u>Calendar Year 2020</u>
Transfers from Other Funds:		
Department of Agriculture	945.4	945.4
Michigan State Lottery	1,204.8	1,192.3
Total Transfers from Other Funds	<b>2,150.2</b>	<b>2,137.7</b>
Transfers to Other Funds:		
<b>State Services Fee Fund</b>		
Department of Health and Human Services	(2,000.0)	(3,333.3)
Michigan Office of the Auditor General	(1,440.6)	(1,440.6)
Department of Treasury	(222.1)	(222.1)
Michigan State Police	(10,649.7)	(10,649.7)
Department of Civil Service	(223.9)	(223.9)
<b>Internet Gaming Fund</b>		
Department of Health and Human Services	(500.0)	(500.0)
Department of Labor and Economic Opportunity	(307.6)	(307.6)
<b>Internet Sports Betting Fund</b>		
Department of Health and Human Services	(500.0)	(500.0)
Department of Labor and Economic Opportunity	(299.2)	(299.2)
<b>Fantasy Contest Tax Fund</b>		
Department of Education	(928.8)	(928.8)
<b>Native American Casino Fund</b>		
Department of Civil Service	(11.9)	(11.9)
<b>Lab Fund</b>		
Department of Civil Service	(2.4)	(2.4)
<b>State Lottery Fund</b>		
Department of Treasury	(14.5)	(14.5)
Department of Civil Service	(44.3)	(44.3)
<b>Equine Development Fund</b>		
Department of Civil Service	(10.7)	(10.7)
Total Transfers to Other Funds	(17,155.7)	(18,489.0)
Total Other Financing Sources (Uses)	<b>\$ (15,005.5)</b>	<b>\$ (16,351.3)</b>
Excess of Revenues and Other Sources over		
(under) Expenditures and Other uses	<b>\$ (3,072.1)</b>	<b>\$ (2,977.6)</b>

Footnotes:

1. Approval for calendar year presentation was received from the Department of Technology, Management and Budget, Office of Financial Management.
2. Governmental fund types are accounted for using the modified accrual basis of accounting.



This Annual Report was not produced at taxpayer expense.  
[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)